

CITY OF DAVENPORT, IOWA

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**Prepared by:
Finance Department
Accounting Division**

Front Cover: Designed by Helen Boyd; City of Davenport-Engineering Division

Pictures - were taken by Greg Albansoder from Community and
Economic Development.

Computer Generated Picture of the Figge Arts Center was by
Architect David Chipperfield.

INTRODUCTORY SECTION

TABLE OF CONTENTS

INTRODUCTORY SECTION

Table of Contents	i
Letter of Transmittal	iii
GFOA Certificate of Achievement	viii
Organizational Chart	lx
List of Elected and Appointed Officials	x

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	3

Basic Financial Statements

Government-wide Financial Statements	
Statement of Net Assets	16
Statement of Activities	18
Fund Financial Statements	
Balance Sheet - Governmental Funds	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	23
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	24
Reconciliation of the Statement of Revenue, Expenditures and Change in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual - General Fund	28
Statement of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual - Local Option Sales Tax Fund	29
Statement of Net Assets - Proprietary Funds	30
Reconciliation of Enterprise Funds Net Assets to the Statement of Net Assets	33
Combining Statement of Revenue, Expenses, and Changes in Fund Net Assets - Proprietary Funds	34
Reconciliation of the Change in Net Assets of Enterprise Funds to the Statement of Net Activities	37
Statement of Cash Flows - Proprietary Funds	38
Statement of Fiduciary Assets and Liabilities-Fiduciary Funds	42
Notes to the Financial Statements	43

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Combining Balance Sheet - Non-Major Governmental Funds	64
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	66
Combining Statement of Net Assets - Non-Major Enterprise Funds	70
Combining Statement of Revenue, Expenses and Changes in Fund Net Assets - Non-Major Enterprise Funds	72
Combining Statement of Cash Flows - Non-Major Enterprise Funds	74
Combining Statement of Net Assets - Internal Service Funds	80
Combining Statement of Revenue, Expenses, and Changes in Fund Net Assets - Internal Service Funds	81

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)

Combining Statement of Cash Flows -Internal Service Funds	82
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	85
Schedule of Bonded Indebtedness	86
Summary of Bond Maturities	88
Summary of Bonded Debt Service Requirements to Maturity by Fund	90
Schedule of Expenditures of Federal Awards	92

STATISTICAL SECTION

Government-Wide Expenses by Function	96
Government-Wide Revenues	98
General Governmental Expenditures by Function and Revenue by Source	100
Comparison of Taxes and Intergovernmental Revenue	102
Property Tax Levies and Collections	104
Special Assessment Billings and Collections	106
Assessed and Taxable Value of Taxable Property	107
Property Tax Rates - All Direct and Overlapping Governments	108
Ratio of Net General Bonded to Taxable Value and Net Bonded Debt Per Capita	110
Computation of Legal Debt Margin	112
Computation of Direct and Overlapping Debt	113
Ratio of Annual Debt Service for General Obligation Bonded Debt to Total General Expenditures	114
Principal Taxpayers	115
Demographic Statistics	116
Construction Permits and Taxable Value	118
Miscellaneous Statistics	120
Income Distribution	121
Schedule of Insurance in Force	122



City of Davenport

226 West Fourth Street • Davenport, Iowa 52801
Telephone: 563-326-7711 TDD: 563-326-6145
www.cityofdavenportiowa.com

December 22, 2004

Honorable Mayor, Members of the City Council
and Citizens
Davenport, Iowa

State law requires that cities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and that their financial condition and their transactions be examined annually by the Auditor of State or by a certified public accountant. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Davenport for the fiscal year ended June 30, 2004.

This report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. We make special note of the fact that this report is the City's second report following implementation of the Governmental Accounting Standards Board (GASB) Statement 34 reporting model with the fiscal year 2003 report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Eide Bailly LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2004 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2004 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the City's Single Audit for the fiscal year ended June 30, 2004 provided no instances of material weaknesses in the internal control over compliance or significant violations of applicable laws, regulations, contracts and grants. These reports are available in the City's separately issued Single Audit Report.



Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of Davenport, the principal city of eastern Iowa and the county seat of Scott County, is located on the Iowa bank of the Mississippi River approximately midway between the cities of Des Moines and Chicago. The City is the third largest city in Iowa. Davenport, named after Colonel George Davenport, was originally settled in 1808, making it one of the oldest cities in the upper Midwest. Incorporated in 1836, Davenport continues as one of the four remaining special charter cities in Iowa. Davenport is the major city of the Quad-City Metropolitan Area, which includes three counties located in two states. The area includes Scott County, Iowa and Rock Island and Henry Counties in Illinois. The major communities, apart from Davenport, include the cities of Bettendorf, Iowa and Rock Island, Moline and East Moline in Illinois. The Davenport-Rock Island-Moline Metropolitan Statistical Area had an official 2000 population of 359,062. Davenport had a 2000 population of 98,359.

The City operates under the Mayor-Council form of government. The mayor and ten council members are elected on a non-partisan basis every two years. Eight council members are elected by ward. The mayor and two remaining council members are elected at-large. A professional City Administrator is appointed by the Council.

The City provides a full range of services including police and fire protection; solid waste collection; construction and maintenance of streets, sewers and bridges; sewage collection and treatment; culture and recreation; mass transportation; planning and zoning; and general administrative services.

For financial reporting purposes, all funds, agencies, boards, commissions, trusts and authorities involved in the provision of these services are included if the City is financially accountable. The GASB has set forth criteria to be considered in determining financial accountability. The City of Davenport does not include any component units within its reporting entity. See Note 1A in the notes to the financial statements for more specific information on reporting entity.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council in March each year for the fiscal year beginning the following July 1. The State of Iowa requires the passage of an annual budget of total City operating expenditures by major program categories after public hearing. Activities of the General, Special Revenue, Debt Service, Capital Projects, Enterprise and Internal Service Funds are included in the annual appropriated budget. Project-length financial plans are also adopted for the Capital Projects Fund. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total program level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end. However, encumbrances generally are reappropriated as part of the following year's budget. Budget-to-actual comparisons are provided in this report for the General Fund and Local Option Sales Tax Fund as part of the basic financial statements. Legal compliance (total budget-to-actual appropriations) is demonstrated in a table in Note 1E in the notes to the financial statements.

Factors Affecting Financial Condition

The information presented in the financial statements may be better understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy. Historically, the economic strength of the Quad-Cities has been dependent upon the manufacturing of farm and construction equipment. During the early 1980s, with multiple plant closings and layoffs, unemployment reached a high in Davenport of 12 percent. After reaching this peak in 1983, unemployment rates have declined. This reduction in unemployment is attributed, in part, to the growth in the area of professional and nonprofessional services. The unemployment rate in Davenport for 2003 was 5.1 percent. The total number of jobs in Davenport has been growing since 1983 and of the 52,960 persons in the labor force in 2003, 50,280 were employed, which is indicative of the economic diversification that has occurred. Major employment in the City

includes the health care, retail, meat packing, and industrial equipment sectors in addition to government and education. Employment levels at the City's largest employers remained remarkably stable during the economic downturn nationally following 9/11 and several plan to add jobs and make capital investment in the 2005 calendar year, including Deere & Company, Kraft/Oscar Mayer, Sears Manufacturing and M. A. Ford Manufacturing.

A continuation of economic development efforts is reflected in steady property tax base growth. Market value growth averaged 5.8 percent annually over the last ten fiscal years ending in FY 2004. In addition, no slowdown in building permit activity for commercial and residential projects occurred in FY 2004. Tax base composition is diverse, consisting of 45 percent residential, 42 percent commercial, 7 percent utility and 5 percent industrial properties. The tax base is not concentrated; the largest taxpayer accounts for 5.1 percent of total value and the remaining nine leading taxpayers account for just 8.0 percent of taxable value. More detailed information on permits and principal taxpayers can be found in the statistical section of this report.

Current economic development activity includes a focus on the downtown. In August 2001 the State of Iowa approved a \$20 million grant to the City as part of the \$113 million River Renaissance on the Mississippi project. River Renaissance is a collection of major improvements and renovations downtown and on the riverfront, including: the Figge Art Museum, the New Ventures Center, the River Music Experience, the River Music Skybridge, the Adler Theatre Stage Expansion and Downtown Parking. Scott County, Iowa assisted with a \$5 million grant subsequent to a special referendum at which 73 percent of voters favored the bond issue. One Renaissance Plaza, a new \$14 million, 90,000-square-foot, Class A office facility in the downtown is now occupied and resulted from River Renaissance investments. Construction was completed in time to open the 2004 season on a total renovation of John O'Donnell (baseball) Stadium. Several renovation projects are underway which will result in loft apartments and residential condominiums.

Budget Challenges. Recent years' budget processes have faced the many challenges presented by the current local, state and national economies, including: state-shared revenue reductions; loss of investment income due to lower returns in the current markets; state-mandated increases in public safety pension costs; increasing costs of health care; and increasing costs of liability and property insurance.

The General Fund includes most of the City's services including police, fire, parks and recreation, library, solid waste collection, community and economic development, museum of art, civil rights and administration.

The City's General Fund receives approximately 70 percent of its revenue from property taxes. The State of Iowa allows a maximum levy rate of \$8.10 per thousand dollars of assessed value and \$0.27 in an emergency levy. The City has been at the maximum levy rates since 1984 and 1986, respectively. Also, growth limitations are imposed on the City's property tax base by the State, including the residential property rollback. The 1995 phase out of property taxes on machinery and equipment reduced the City's property tax base by \$82 million from FY 2000 through FY 2004. The State has also exempted gas and electric utilities from property tax, and while a replacement tax is to be revenue neutral for three years, the future of replacement taxes is uncertain. The taxable property tax base has grown moderately, an average of 3.8 percent annually over the last ten fiscal years ending in FY 2004, despite the above State limitations. Personnel costs represent 80 percent of the fund's expenditures and have grown at an annual rate of 4.5 percent over the last several years. As a result of this structural imbalance and the challenges discussed above, cost reductions, cost shifting and non-property tax revenue increases have been necessary in order to balance the fund.

Future budgets will challenge the City to continue current services within the current revenue and expenditure structure. It is important to note that the State does provide unlimited property tax levies for employee benefits (trust and agency levy) and insurance/claims (tort liability levy), whereas the general and emergency levies are limited as discussed above.

Long-Term Financial Planning. Maintenance and expansion of the City's infrastructure (such as streets, curbs, sidewalks, sewers, bridges, and traffic signals) remain a major priority of the City. The City annually adopts a six-year Capital Improvement Program that provides a framework for the development and maintenance of infrastructure to meet current and future needs.

The major source of funds for the program is general obligation bonds, which are primarily financed from an unlimited debt service property tax levy and local sales tax receipts. The City attempts to leverage its program commitment with available grants from the federal and state governments and private sector partnerships. The program maintains a level debt service levy and includes programmed usage of the General Debt Service Fund Balance increase which is due to local option sales tax receipts exceeding budgeted property tax relief.

Highlights of the Capital Improvement Program which is scheduled to begin in fiscal year 2005 include:

- relocate art museum to a downtown arts center; total project is \$35 million with a total City contribution of \$6.5 million (\$1.9 million remains to be paid);
- new police headquarters building (\$20 million);
- street improvements of approximately \$46 million, including 49th Street paving (\$3.2 million), Northwest Boulevard (\$2.6 million), 65th/67th Street to Eastern (\$2.6 million) and Eastern from 53rd to 65th/67th Street (3.1 million);
- library branch (\$6.75 million); a special library property tax levy was approved by voters in 2003 to support branch operations;
- sanitary sewer inflow and infiltration projects identified in a 2001 needs assessment study; funding is also included to continue to prepare final plans and cost estimate for the westside diversion tunnel. This project would resolve current and projected capacity problems and open 27 square miles to development in west/northwest Davenport.

Cash Management. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U. S. Treasury, and other obligations guaranteed by the United States or its Agencies. The City's written investment policy prioritizes the following goals: (1) safeguard investments, (2) provide for cash flow requirements and (3) maintain a competitive yield on the portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City, its agent or a financial institution's trust department in the City's name. All City investments during the year and at June 30, 2004 are classified in the category of lowest credit risk as defined by the GASB. The maturities of the investments range from 2 days to 338 days, with an average maturity of 127 days. The average yield on investments was 1.42 percent and interest income earned by all funds during the year totaled \$1,025,218.

Risk Management. The City's liability, property and workers' compensation claims, insurance and administration program is accounted for in the Risk Management fund. The program involves various risk control techniques and provides funds to meet loss situations which do occur, using a blend of internal and external funding resources. Internal funding of losses is represented by a claims retention program in which an assumption of appropriate deductibles is made. During fiscal year 2004 the deductible for each liability, property and workers' compensation claim was \$500,000, \$100,000 and \$350,000, respectively. Actuarial studies have been obtained to determine the appropriate contributions and reserves necessary to fund these claims retentions. External funding involves the purchase of insurance to finance those losses which the City cannot comfortably retain itself. Individual claims for liability, property and workers' compensation in excess of the deductible are insured up to \$10,000,000, the lesser of replacement cost or \$75,000,000 per location, and an unlimited amount, respectively. A schedule of insurance coverage is included at the end of the statistical section of this report. The goals of the current risk management program are to lower long-term costs and to reduce dependence on the insurance market, which lessens the effect of annual rate increases and/or capacity crunches. The risk related to the City's self-funded employee and retiree health plan is covered in Note 10 in the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Davenport, Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. This was the 21st consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

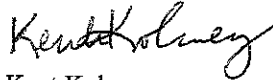
In addition, the City has received the GFOA's Distinguished Budget Presentation Award for its annual budget document for FY 2004. This was the 8th consecutive year that the City has received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communication device.

The preparation of this report on a timely basis could not have been accomplished without the services of the entire staff of the Finance Department and the auditors. We would like to express our appreciation to all those who assisted and contributed to its preparation accordingly. We especially wish to thank Linda Folland and the Accounting Division staff for all of their extra time and effort in the continued implementation of GASB 34. We would also like to thank the Mayor and members of the Finance Committee and City Council for their direction and support in planning and overseeing the financial operations of the City.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Craig Malin', with a large, sweeping flourish extending to the right.

Craig Malin
City Administrator

A handwritten signature in dark ink, appearing to read 'Kent Kolwey', with a stylized, cursive script.

Kent Kolwey
Finance Director

/kwa

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Davenport,
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Edward Haney".

President

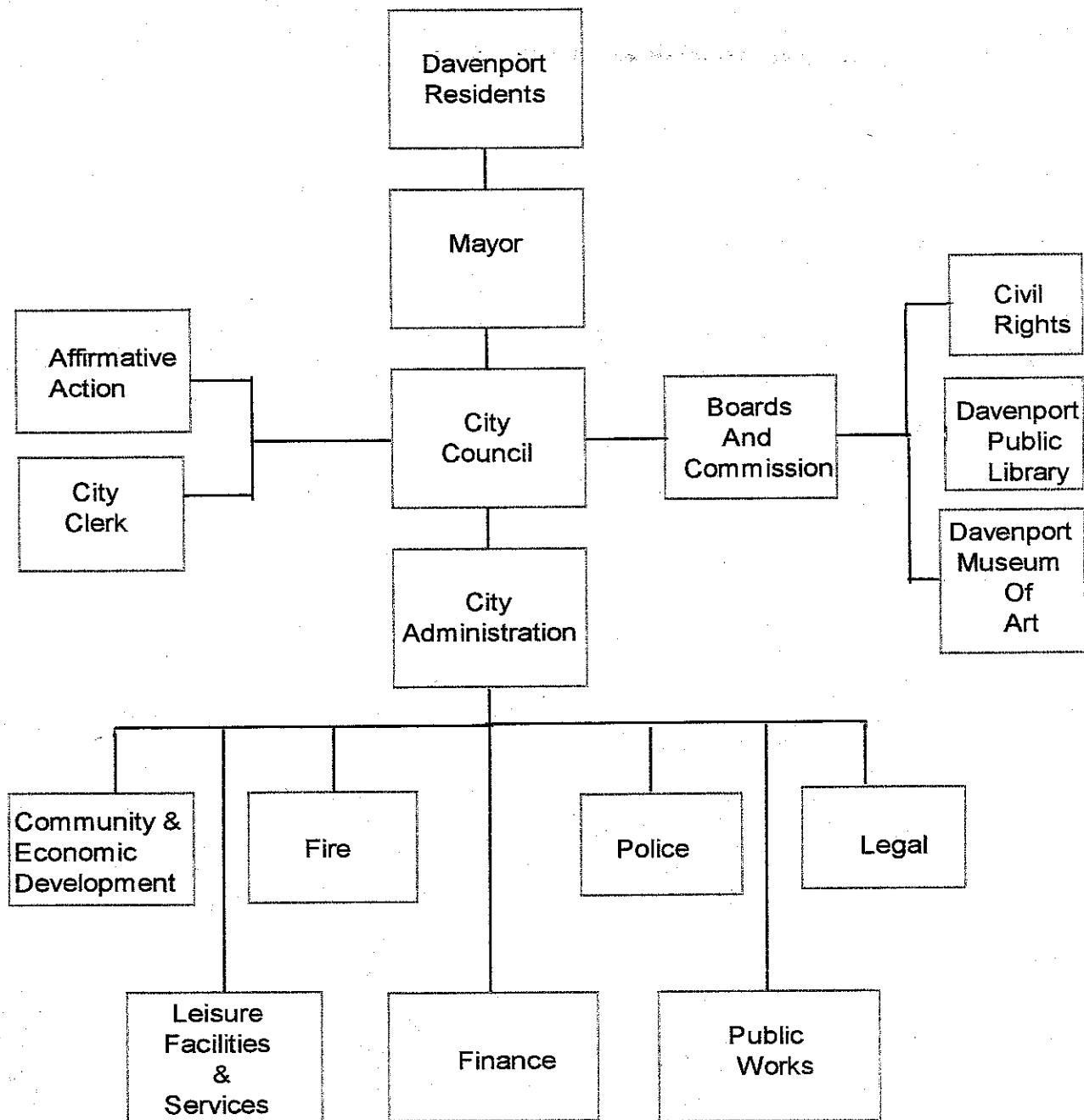
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

CITY OF DAVENPORT

ORGANIZATIONAL CHART

JUNE 30, 2004



CITY OF DAVENPORT

CITY OFFICIALS

June 30, 2004

<u>OFFICIAL TITLE</u>	<u>OFFICIAL</u>	<u>TERM EXPIRATION DATE OF ELECTED OFFICIALS</u>
<u>Elected Officials</u>		
Mayor	Charles W Brooke	1/06
Alderman at Large	Jamie Howard	1/06
Alderman at Large	Steven D Ahrens	1/06
Alderman First Ward	Roxanna Moritz	1/06
Alderman Second Ward	Donna Bushek	1/06
Alderman Third Ward	Keith Meyer	1/06
Alderman Fourth Ward	Ray Ambrose	1/06
Alderman Fifth Ward	Bill Lynn	1/06
Alderman Sixth Ward	Robert McGivern	1/06
Alderman Seventh Ward	Morris D Barnhill	1/06
Alderman Eighth Ward	Tom Engelmann	1/06
<u>Administration</u>		
City Administrator	Craig Malin	
<u>Departments</u>		
Civil Rights	Judith Morrell	
Community and Economic Development	Clayton Lloyd	
Finance	Kent Kolwey	
Fire	Mark Frese	
Human Resources	Jeff Dolan	
Legal	Mary Thee	
Leisure Facilities & Services	John Farland	
Library	LaWanda Roudebush	
Museum of Art	Linda Downs	
Police	Mike Bladel	
Public Works	Dee Bruemmer	

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Davenport, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Davenport, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Davenport, Iowa. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Chapter 11 of the Code of Iowa; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Davenport, Iowa, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Local Option Sales Tax Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, under separate cover, dated October 7, 2004, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

PEOPLE. PRINCIPLES. POSSIBILITIES.

www.eidebailly.com

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Davenport, Iowa. The introductory section, combining nonmajor fund financial statements, debt schedules, and statistical tables are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining nonmajor fund financial statements and debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Ericksen Bailey LLP

Dubuque, Iowa
October 7, 2004

Management's Discussion and Analysis

As management of the City of Davenport, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii through vii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

Overall, the City continues to maintain a strong financial position, in spite of economic pressures and State of Iowa mandates and cutbacks in shared revenues.

- The assets of the City of Davenport exceeded its liabilities at June 30, 2004 by \$236,516 (net assets). Current assets exceeded current liabilities by \$52,885.
- The government's total net assets increased by \$9,018 during fiscal year (FY) 2004.
- At June 30, 2004, unreserved, undesignated fund balance for the General Fund was \$5,982, or 12 percent of total General Fund expenditures, while total fund balance represents 25.3 percent of total expenditures.

The above financial highlights are explained in more detail in the Government-wide Financial Analysis and Financial Analysis of the City's Funds sections of this document.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Davenport's basic financial statements. The City of Davenport's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The two government-wide financial statements are designed to provide readers with a broad overview of the City of Davenport's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Davenport's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Davenport is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during FY 2004. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Davenport that are principally supported by property taxes, other local taxes and state and federal grants (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Davenport include public safety, public works, culture and recreation, community and economic development, and general government. The business-type activities of the City of Davenport include parking, sewer operations, RiverCenter (convention center and theatre), public transit, public housing, golf courses, airport, and curbside recycling.

The government-wide financial statements include only the City of Davenport itself (known as the primary government).

The government-wide financial statements can be found on pages 16 through 19 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Davenport, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, including restrictions on the use of certain monies. All of the funds of the City of Davenport can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Davenport maintains 15 individual governmental funds. In the basic financial statements, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, General Debt Service Fund, Local Option Sales Tax Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report (supplemental information).

The City of Davenport adopts an annual appropriated budget, prepared on a modified accrual basis. A budgetary comparison statement has been provided for its General Fund and its Local Option Sales Tax Fund to demonstrate compliance with these budgets. Legal compliance for all governmental funds is also demonstrated in Note 1E in the notes to the financial statements.

The basic governmental fund financial statements can be found on pages 20 through 29 of this report.

Proprietary funds. The City of Davenport maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Davenport's various functions. The City of Davenport uses internal service funds to account for employee health insurance, risk management, and information management services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The City of Davenport maintains eight enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. In the basic financial statements, the proprietary fund financial statements provide separate information for the parking system, sewer operations, and RiverCenter, as these are considered to be major funds of the City of Davenport. Data from the other five enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report (supplemental information). The three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report (supplemental information).

The basic proprietary fund financial statements can be found on pages 30 through 41 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Davenport's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has three agency funds. The basic agency fund financial statements can be found on page 42 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 through 62 of this report.

Supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal services funds, and agency funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 63 through 85 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Comparative data from fiscal year 2003 and 2004 are presented below. In Davenport, assets exceeded liabilities by \$236,516 at the close of the fiscal year ended June 30, 2004.

City of Davenport's Net Assets						
	Governmental Activities		Business-type activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 118,211	\$ 112,340	\$ 23,021	\$ 23,022	\$ 141,232	\$ 135,362
Capital assets	171,766	148,625	119,760	118,197	291,526	266,822
Total assets	289,977	260,965	142,781	141,219	432,758	402,184
Noncurrent liabilities						
outstanding	85,709	70,153	22,656	23,169	108,365	93,322
Other liabilities	81,144	74,813	6,733	6,551	87,877	81,364
Total liabilities	166,853	144,966	29,389	29,720	196,242	174,686
Net assets:						
Invested in capital assets, net of related debt	77,078	69,954	91,651	93,050	168,729	163,004
Restricted	40,472	41,477	-	-	40,472	41,477
Unrestricted	5,574	4,568	21,741	18,449	27,315	23,017
Total net assets	\$ 123,124	\$ 115,999	\$ 113,392	\$ 111,499	\$ 236,516	\$ 227,498

By far the largest portion of the City of Davenport's net assets (71.3 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Davenport uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Davenport's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Davenport's net assets (17.1 percent) represents resources that are subject to external restrictions on how they may be used. Current assets exceed current liabilities in all three categories, both for the City as a whole, as well as for its separate governmental and business-type activities, in the amounts of \$52,885, \$37,067 and \$15,818, respectively.

At June 30, 2004, the City of Davenport is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true at June 30, 2003.

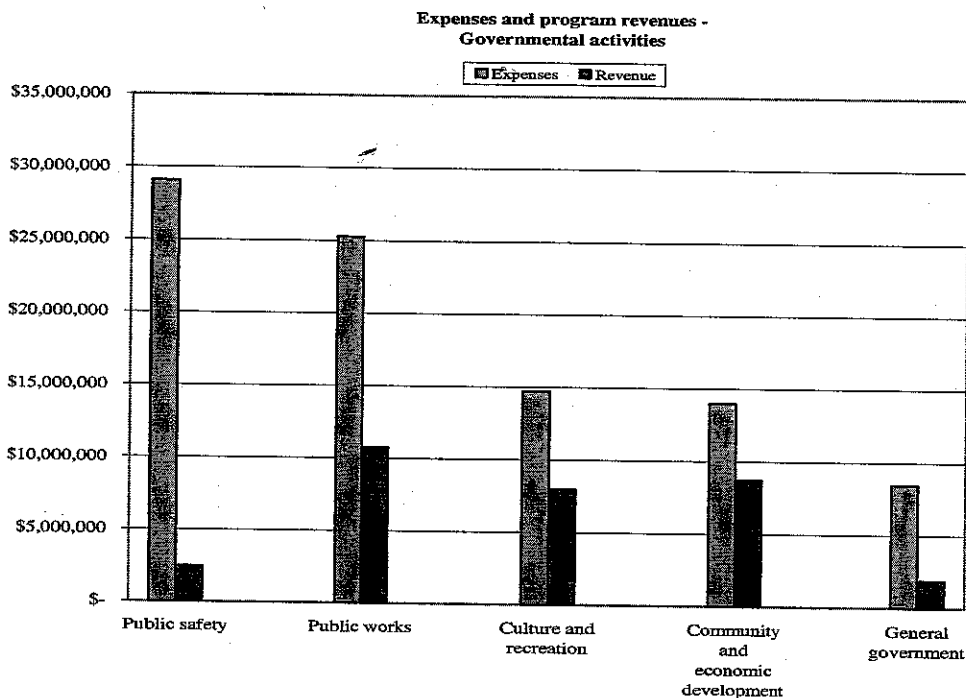
City of Davenport's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:						
Program revenues:						
Charges for services	\$ 6,679	\$ 6,422	\$ 19,446	\$ 18,020	\$ 26,125	\$ 24,442
Operating grants and contributions	10,022	7,745	1,656	1,443	11,678	9,188
Capital grants and contributions	15,164	13,964	4,159	9,392	19,323	23,356
General revenues:						
Property taxes	43,784	41,751	2,628	2,552	46,412	44,303
Other taxes	25,670	24,756	-	-	25,670	24,756
Other	1,835	4,013	418	450	2,253	4,463
Total revenues	<u>103,154</u>	<u>98,651</u>	<u>28,307</u>	<u>31,857</u>	<u>131,461</u>	<u>130,508</u>
Expenses:						
Public safety	29,073	28,898	-	-	29,073	28,898
Public works	25,267	22,621	-	-	25,267	22,621
Culture and recreation	14,720	11,894	-	-	14,720	11,894
Community and economic development	14,017	20,546	-	-	14,017	20,546
General government	8,480	6,692	-	-	8,480	6,692
Interest on long-term debt	4,089	4,301	-	-	4,089	4,301
Parking system	-	-	2,090	1,626	2,090	1,626
Sewer operations	-	-	11,613	12,073	11,613	12,073
RiverCenter	-	-	3,976	3,220	3,976	3,220
Public transit	-	-	4,344	4,444	4,344	4,444
Public housing	-	-	906	961	906	961
Golf courses	-	-	2,143	2,106	2,143	2,106
Airport	-	-	469	404	469	404
Curbside recycling	-	-	1,256	1,194	1,256	1,194
Total expenses	<u>95,646</u>	<u>94,952</u>	<u>26,797</u>	<u>26,028</u>	<u>122,443</u>	<u>120,980</u>
Increase/(decrease) in net assets						
before transfers	7,508	3,699	1,510	5,829	9,018	9,528
Transfers	(383)	(612)	383	612	-	-
Increase/(decrease) in net assets	<u>7,125</u>	<u>3,087</u>	<u>1,893</u>	<u>6,441</u>	<u>9,018</u>	<u>9,528</u>
Net assets-beginning	<u>115,999</u>	<u>112,912</u>	<u>111,499</u>	<u>105,058</u>	<u>227,498</u>	<u>217,970</u>
Net assets-ending	\$ 123,124	\$ 115,999	\$ 113,392	\$ 111,499	\$ 236,516	\$ 227,498

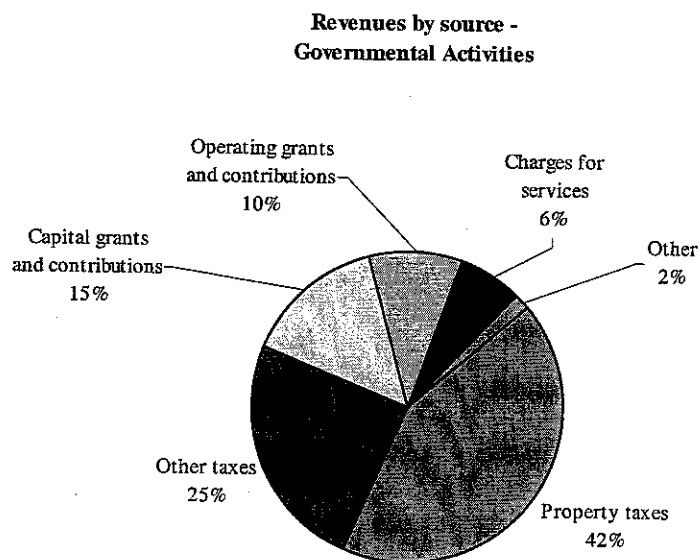
Governmental activities. Governmental activities increased the City's net assets by \$7,125, accounting for 79 percent of the total growth in the net assets of the City. The key element of this increase follows.

- Contributions of and investment in capital assets during the year net of related debt issuance resulted in an increase in governmental capital assets of \$7,124. More detail on the governmental activities' capital projects which caused this increase in net assets is provided in the Capital Asset and Debt Administration section of this document.

Certain revenues are generated that are specific to governmental program activities. These totaled \$31,865. The graph below shows a comparison between the expenditures by governmental activity type and the revenues generated that are specific to those activities.



The graph below shows the percentage of the total governmental revenues allocated by each revenue type.



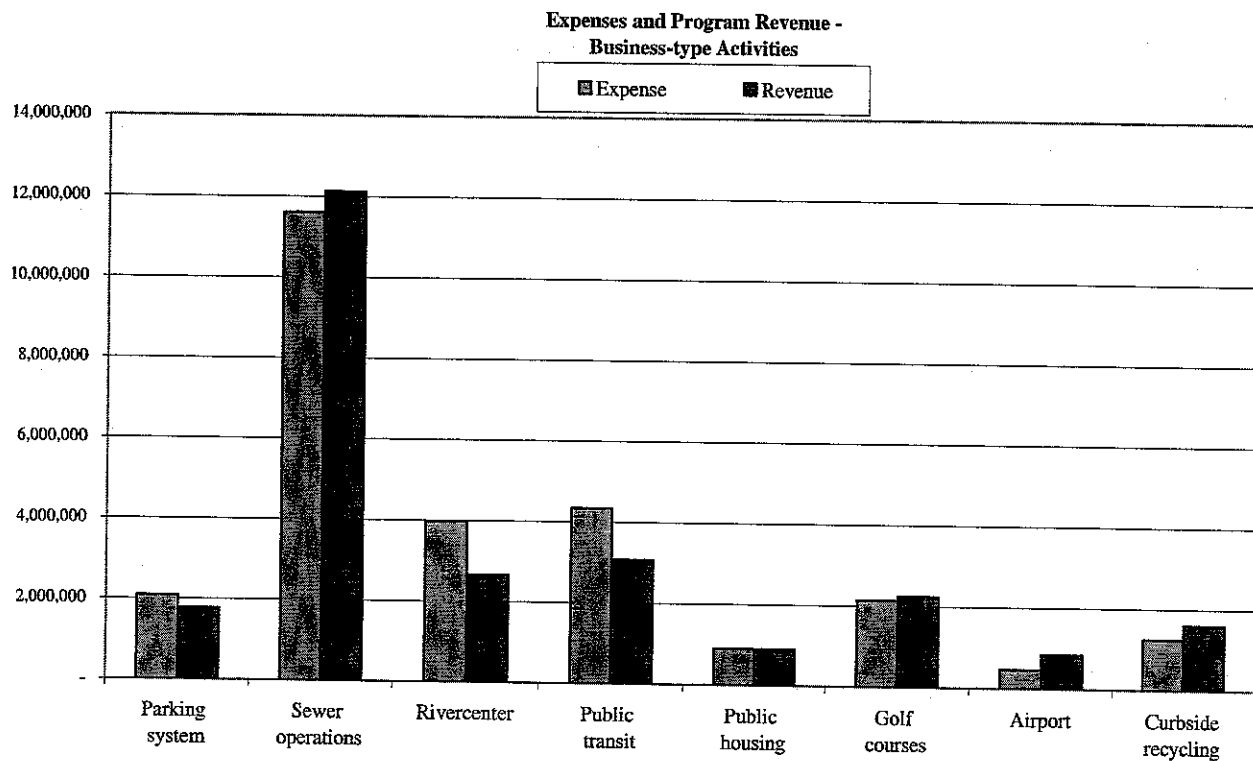
Total governmental activities' revenues for FY 2004 were \$103,154. The largest single revenue source was property taxes of \$43,784, which increased by \$2,033 (4.9 percent) during FY 2004. This increase resulted from a levy increase of 2.3 percent (due to the reinstatement of the tort liability levy of \$.34/\$1,000 assessed value) and an increase in the tax base of 2.1 percent.

Business-type activities. Business-type activities increased the City of Davenport's net assets by \$1,893, accounting for 21 percent of the total growth in the net assets of the City. The key element of this increase follows:

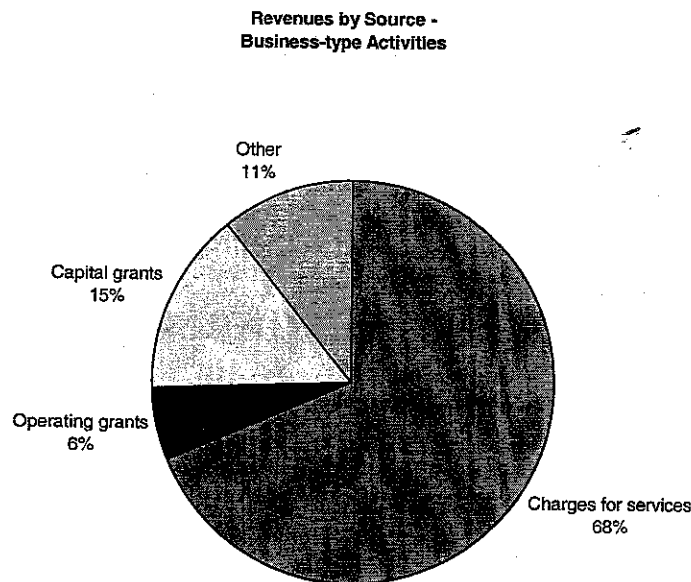
- Capital asset activity which increased net assets included \$1,526 of sanitary sewers built by developers and \$1,513 of Federal Transit Authority capital grants for buses, which offset \$957 of depreciation expense on assets contributed to the RiverCenter and Transit operations. More detailed information on RiverCenter operations is provided in the Financial Analysis of the City's Funds section of this document.

Total business-type activities' revenue for the fiscal year was \$28,307. All but \$418 of this revenue was generated for specific business-type activity expenses.

The graph below shows a comparison between the business-type activity expenditures and program revenues.



The graph below shows the breakdown of revenues by source for the business-type activities.



Financial Analysis of the City's Funds

As noted earlier, the City of Davenport uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Davenport's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the City of Davenport's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year 2004, the City of Davenport's governmental funds reported combined ending fund balances of \$48,995, an increase of \$133 in comparison with the prior year. Approximately 21.7 percent of this total amount, \$10,639, constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed or is restricted: (1) to liquidate contracts and purchase orders of the prior period \$10,973, (2) to pay debt service \$11,896, (3) to pay for capital improvements of \$7,873, (4) to pay employee benefits \$3,402, (5) to pay insurance and claims \$1,383, and (6) for a variety of other restricted purposes \$2,829.

The General Fund is the chief operating fund of the City of Davenport. The General Fund includes most of the City's services including police, fire, parks and recreation, library, solid waste removal, community and economic development, museum of art, civil rights and administration. At the end of the current fiscal year 2004, unreserved, undesignated fund balance of the General Fund was \$5,983, while total fund balance was \$12,571. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 12 percent of total General Fund expenditures, while total fund balance represents 25.3 percent of the total expenditures.

The total fund balance of the City of Davenport's General Fund increased by \$903 during the current fiscal year and the unreserved fund balance increased by \$914. The State of Iowa allows a maximum property tax levy rate of \$8.10 per thousand dollars of assessed value and \$0.27 in an emergency levy for general activities. The City has been at the maximum levy rates since 1984 and 1986, respectively. In addition to these two levies, the State allows unlimited levies for employee benefits (trust and agency levy) and insurance/claims (tort liability levy), which are

also accounted for in the City's General Fund. Property tax balances from these two levies are reserved at the end of each year because their use is restricted.

The General Fund balances discussed above are considered adequate by management. The City's policy on General Fund balance is that the unreserved General Fund balance will be maintained at 10 to 15 percent of operating requirements. The current fund balance is within policy guidelines. Fund balances at June 30 cover the City's cash flow needs prior to the collection of property taxes (in September and March each year) so that cash flow borrowings are unnecessary. Fund balances also provide flexibility (for example, should revenue projections fall short) and can be used in cases of emergency (for example, flooding or storm clean-up).

The General Debt Service Fund has a total fund balance of \$10,715, all of which is reserved for the retirement of debt. The State of Iowa allows an unlimited property tax levy for debt service. The net decrease in fund balance during the current year in the General Debt Service Fund was \$1,091.

The Local Option Sales Tax Fund accounts for the proceeds of a local option sales tax and has a total fund balance of \$8,064, of which, \$7,873 is reserved for capital projects. The State of Iowa provides for a one-cent local option sales tax. Davenport voters approved the tax in 1988 and the referendum directs its usage to 60 percent for property tax relief (debt service levy) and 40 percent for capital improvements. A transfer of 60 percent of tax proceeds is made to the General Debt Service Fund and the remainder is transferred to the Capital Projects Fund as expenditures occur. The net increase in fund balance during the current year was \$1,294, due to capital projects not being completed and actual tax receipts exceeding budget.

The Capital Projects Fund has a total fund balance of \$7,492, all of which is reserved for encumbrances and contracts. The net decrease in fund balance during the current year in the Capital Projects Fund was \$944.

Proprietary funds. The City of Davenport proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The RiverCenter Fund accounts for rental income and expenses associated with the operation of a conference, convention and trade show facility and the Adler Theatre. The RiverCenter Fund had an operating loss of \$1,472. There is a valid reason for this loss. When the Davenport voters approved the hotel/motel tax of 5 percent in 1980 and later increased it to 7 percent in 1992, it was with the understanding that a City subsidy of the operations would be required in order to generate economic activity downtown and provide a diverse offering of entertainment opportunities in the Adler Theatre. The hotel/motel tax is accounted for in the General Fund and the subsidy is made in the form of a transfer. The operating subsidy does not include depreciation expense as the facilities themselves were contributed and the related debt is abated by the downtown tax increment financing district. Therefore, net assets of the RiverCenter Fund decreased by \$369 during FY 2004.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for the General Fund can be summarized as follows:

- The total original revenue budget of \$50,615 was increased to \$52,099, an increase of \$1,484. In the intergovernmental revenue category, federal grants in the amount of \$146 received subsequent to original budget adoption are included as both revenues and expenditures. Subsequent to City budget adoption, the State Legislature eliminated several categories of payments to local governments in order to balance the State budget. The elimination of \$1,718 in state-shared revenues was therefore included in the amendment. The charges for services category increased by \$495 as two new fees, fire inspection fees and liquor license application fees, were implemented to partially offset the loss of state-shared revenue.

In the other revenue category, rebates of prior economic development grants of \$1,087 and the return of residual balances from prior issuance of Home Mortgage Revenue Bonds of \$170 were receipted in the General Fund in order to partially offset the loss of state-shared revenue and included in the amended budget.

- The total original expenditure budget of \$50,389 was increased to \$51,325, an increase of \$936. Police forfeiture and seizure monies of \$165 held as reserved General Fund balance at June 30, 2003 were included in amendments in order to authorize the expenditure during FY 2004. Other public safety

expenditures included in the amendment were for sick leave payments (\$331), fuel (\$42) and grants received as noted under the revenue section. Public Works expenditures were reduced in amendments as a result of reallocation of alley lighting to the Road Use Tax fund (\$152) which was partially offset by an increase to include authorization to purchase additional fuel (\$55). Culture and recreation expenditures were amended to include \$165 of reforestation fees in addition to grants carried forward of \$216. Community and economic development expenditures were reduced in the amendment due to the transfer of the Brownfields grant (\$200) from the General Fund to Special Revenue Fund.

- General Fund revenues include the proceeds of a hotel/motel tax and riverboat gaming revenues received by the City. General fund transfers out include hotel/motel taxes to subsidize RiverCenter operations and hotel/motel taxes and gaming revenues to the Capital Projects Fund representing a portion of the City's Capital Improvement Program (CIP). Budget amendments included hotel/motel tax and gaming monies held at June 30, 2003 and included as designated General Fund balance in the amounts of \$334 and \$440, respectively, in order to authorize the expenditure during 2004. Amendments also anticipated an additional RiverCenter subsidy of \$156 to the original budgeted subsidy (\$631). These amendment items increased transfers out by \$930.

Differences between the final amended budget and actual results of operations of the General Fund can be summarized as follows:

- Transfers out in the final amended budget included hotel/motel taxes and gaming revenues to CIP as discussed above in the amounts of \$734 and \$440, respectively. Actual transfers made in FY 2004 were \$363 and \$84, respectively, resulting in a favorable variance of \$727. However, remaining commitments to the CIP are reflected in a designation of General Fund balance at June 30, 2004.
- Grant monies received which remained unexpended at June 30, 2004 are also reflected in a designation of General Fund balance in the amount of \$307 and are part of the favorable variance.
- The amended appropriation in the amount of \$165 related to the forfeiture and seizures monies held at June 30, 2003 discussed above was not offset by expenditures during FY 2004, which resulted in a favorable variance and a reservation of General Fund balance at June 30, 2004.
- Positive variances in the taxes revenue category included hotel/motel taxes, cable television franchise taxes and riverboat gaming boarding taxes of \$65, \$27 and \$250, respectively. Building trade licenses and permits activities resulted in actual revenues exceeding the amended budget by \$330. Positive variances in the intergovernmental revenue category included gaming taxes and remaining state-shared revenues of \$178 and \$130 respectively. These positive variances of \$980 were offset by the following negative variances of \$736. Negative variances in the charges for service category included environmental fees, zoo concessions, aquatics facilities admissions and concessions and yard waste fees of \$152, \$48, \$120 and \$62, respectively. Low interest rates resulted in a negative variance in investment earnings of \$461, which was partially offset by a favorable variance in rents of \$107.

Capital Asset and Debt Administration

Capital assets. The City of Davenport's investment in capital assets for its governmental and business-type activities as of June 30, 2004, amounts to \$291,526 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and vehicles, sanitary sewers, bridges, traffic signals, storm sewers, and paving. The total increase in the City of Davenport's investment in capital assets for the current fiscal year was 9.3 percent (a 15.6 percent increase for governmental activities, and a 1.3 increase for business-type activities). At June 30, 2004, the depreciable capital assets of the City were 36 percent depreciated compared to 37 percent at June 30, 2003. This comparison indicates that the City is replacing its assets as they are depreciating.

City of Davenport's Capital Assets

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	\$ 15,623	\$ 15,295	\$ 11,008	\$10,219	\$ 26,631	\$ 25,514
Buildings	55,245	41,944	86,041	84,213	141,286	126,157
Improvements						
Other than						
Buildings	8,814	6,356	7,125	6,924	15,939	13,280
Sanitary sewers	-	-	50,772	44,988	50,772	44,988
Equipment and						
Vehicles	27,233	27,315	20,724	18,990	47,957	46,305
Bridges	4,163	4,105	-	-	4,163	4,105
Traffic signals	6,500	6,328	-	-	6,500	6,328
Storm sewers	15,526	14,682	-	-	15,526	14,682
Paving	104,404	90,091	20	-	104,424	90,091
Construction in						
Progress	5,721	7,328	10,104	15,997	15,825	23,325
Accumulated						
Depreciation	(71,463)	(64,819)	(66,034)	(63,134)	(137,497)	(127,953)
Total	\$ 171,766	\$ 148,625	\$ 119,760	\$ 118,197	\$291,526	\$ 266,822

Major capital asset activities during fiscal year 2004 include the following:

Governmental activities

- Total renovation of John O'Donnell (baseball) stadium, \$13,415.
- Paving completed and contributed by developers, \$2,337.
- Paving work by the City of \$9,217 including \$2,293 of street resurfacing, \$3,367 of full-depth patching, and \$3,557 of West Locust Street reconstruction.

Business-type activities

- Sanitary sewers built and contributed by developers, \$1,526.
- Goose Creek sanitary sewer replacement was completed, \$4,180.
- Six transit buses were replaced, largely with federal grant assistance, \$1,513.

Additional information on the City of Davenport's capital assets can be found in Note 5 in the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the City of Davenport had total bonded debt outstanding of \$119,840. Of this amount, \$76,605 comprises debt being serviced from the general debt service fund from property taxes and 60 percent of the local option sales tax proceeds. The remainder of the City of Davenport's debt represents bonds serviced by specified revenue sources, including the tax increment financing districts debt service fund, the levee improvement commission fund, the municipal improvement districts fund, the sewer operations enterprise fund, the public housing enterprise fund, the golf courses enterprise fund, and the parking system enterprise fund. The City has issued general obligation bonds backed by its full faith and credit, including the unlimited debt service property tax levy, which are planned to be retired from the above revenue sources rather than revenue bonds because legal debt capacity exists (see below) and the resulting lower interest costs benefit its citizens.

and service users. Detailed information on bonded debt abatement by fund is contained in a summary on pages 90 and 91 of this report.

City of Davenport's Outstanding Debt General Obligation Bonds

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General obligation Bonds	\$ 94,731	\$ 77,317	\$ 25,109	\$ 25,648	\$ 119,840	\$ 102,965

The City of Davenport's total debt increased by \$16,875 (16.4 percent) during the current fiscal year. The key factors in this increase were general obligation bond issuances of \$21,550 in November 2003 and \$7,685 in February 2004. The November 2003 issuance included \$12,160 to finance the baseball stadium renovation, of which \$5,360 is to be abated by lease revenues from the team owner, and \$9,390 to finance the City's capital improvement program including streets, sanitary sewers (abated by user fees) and the City's remaining commitment to the Vision Iowa (River Renaissance) project (partial tax increment financing abatement). The February 2004 issuance included \$3,150 in economic development bonds to assist the Renaissance Plaza downtown office building project, which is to be abated by tax increment revenues secured through a minimum assessment and revenue agreement, and \$4,535 to finance the City's capital improvement program. Debt retirement during the year offset 40 percent of the new issuance amounts.

The City's scheduled debt repayment is rapid, with 80 percent of outstanding bonded debt scheduled for repayment in 10 years and 97 percent in 15 years.

State Statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total assessed valuation. The current debt limitation for the City of Davenport is \$211,734, which is significantly in excess of the City of Davenport's outstanding general obligation debt, \$119,840, and other debt subject to the debt limitation \$9,720.

The City of Davenport maintains an AA rating from Standard & Poor's, and an Aa2 rating from Moody's Investors Service for general obligation debt. Both firms view the outlook for their most recent (November 2004) ratings as stable.

Additional information on the City of Davenport's long-term debt can be found in Note 9 in the notes to the financial statements.

Economic Factors and Current and Future Budgets

The City's General Fund was balanced with adoption of the FY 2005 budget through a combination of expenditure reallocations and reductions affecting 20 employee positions (full-time equivalents) and imposition of a garbage fee. The fee has been set at \$6 per month per household and is expected to generate \$2.1 million annually. This was in addition to the previous monthly fee of \$3.72 per household for recycling. The total solid waste collection monthly fee of \$9.72 per month per household covers the total cost of providing these services which have been consolidated into one enterprise fund.

In 1992 the State consolidated local police and fire retirement systems into a state-wide system (MFPRSI). MFPRSI is funded from members' contributions (9.35 percent of earnable compensation), State of Iowa contribution of \$2,816 per year (approximately 1.63 percent of earnable compensation), and cities contribute the amount actuarially determined necessary to fund the benefits in accordance with accepted actuarial methods but not less than 17 percent of earnable compensation of the active members. Cities which are at the \$8.10 general levy maximum fund pension contributions from the Trust and Agency property tax levy. In 1999 the actuarially-determined City contribution rate was 11.12 percent. Since the minimum contribution rate established by statute was 17 percent, a margin of 5.88 percent was reported. This was at a time when investment returns were outstanding (and non-recurring). Police officers and firefighters requested that the State Legislature increase pension benefits. Cities through the Iowa League of Cities requested that the State Legislature decrease City contributions and provide a property tax reduction. The Legislature increased pension benefits in 2000. For fiscal

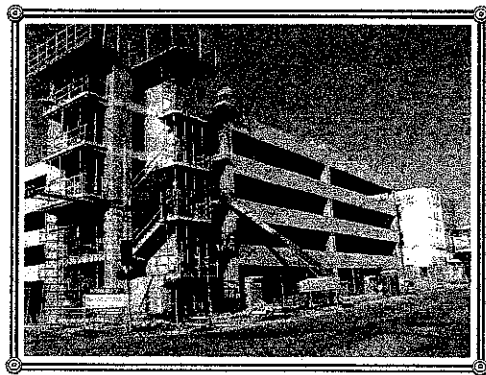
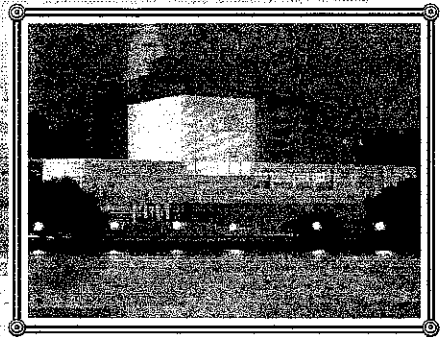
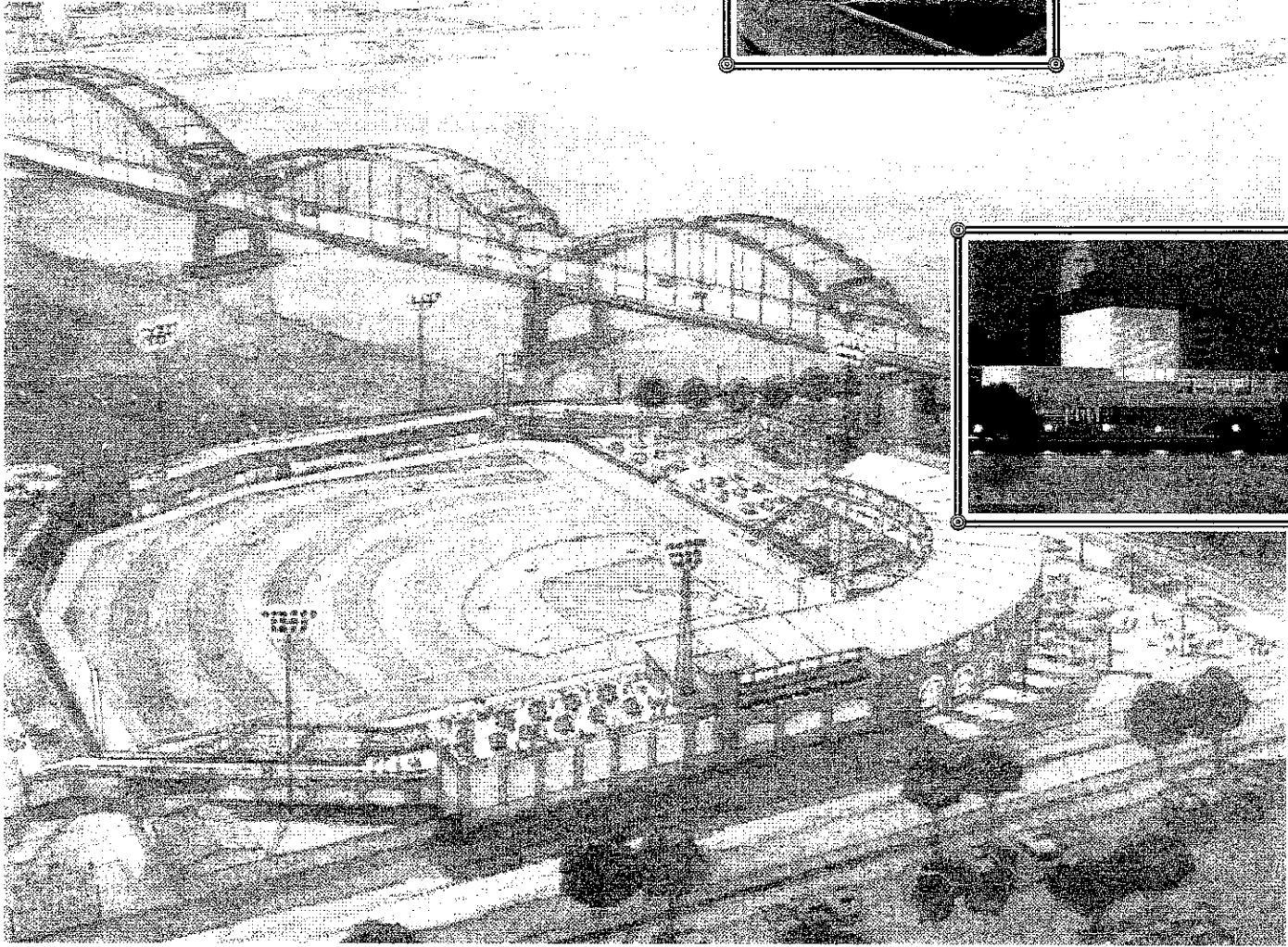
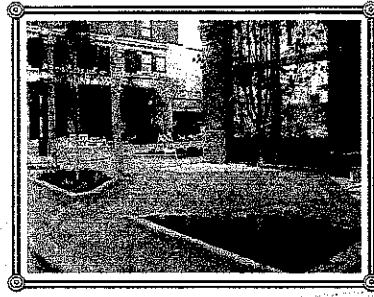
year 2004 the actuarially-determined City contribution rate was 20.48 percent, an increase from the previous years' rate of 17 percent. This increased the City's fire and police pension contribution by \$536 annually. The increase was primarily the result of the pension benefit increase passed by the 2000 State Legislature and recent poor investment returns (losses). Also, since investment losses are spread over a four-year period and poor investment returns (losses) continue, the FY 2005 City contribution rate is 24.92 percent and the FY 2006 contribution rate will be 28.21 percent. This increases the City's fire and pension contribution by an additional \$665 and \$493 annually, respectively.

Total employee benefit health claims increased 9.5 percent and 21.3 percent during fiscal years 2002 and 2003, respectively. The City's contribution to the Employee Health Insurance Fund for the majority of its employees (General Fund employees) is financed by the unlimited trust and agency property tax levy. Approximately 61 percent of the City's employees are represented by five different bargaining units (American Federation of State, County and Municipal Employees, Fire, Police, Teamsters and Transit). At issue during recent negotiations has been wages and cost-sharing related to health benefits. During the most recent negotiations for FY 2004 and 2005, the City sought and received employee monthly premiums from all employees. While the premium amounts are relatively small (1 percent and 2 percent or equivalent dollars of City cost) the precedent is important moving forward. Total employee benefit health claims decreased 2.2 percent during fiscal year 2004, which will provide short-term relief in City contribution rates.

For the future, plans to enable the City to continue to adopt balanced budgets include: continued use of the unlimited levies for employee benefits (trust and agency levy) and property, liability and workers' compensation insurance and claims (tort levy); in the short-term a storm water utility fee is in a review process and will be recommended by fiscal year 2006 in order to meet clean water requirements and diversify revenues; in the longer term the City has a strong record of implementing expenditure reductions and introducing efficiencies in order to balance General Fund budgets and current efforts-projects include implementation of recommendations from a technology assessment, a public transit consolidation (Iowa) study and formation of a panel of Scott County, Davenport and Bettendorf officials and citizens to review the opportunity for service consolidation, including public safety emergency dispatch.

Requests for Information

This financial report is designed to provide a general overview of the City of Davenport's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Kent R. Kolwey, Finance Director, City of Davenport, 226 West Fourth Street, Davenport, IA 52801.



CITY OF DAVENPORT

STATEMENT OF NET ASSETS
June 30, 2004

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Current assets:			
Unrestricted current assets:			
Cash and investments	\$ 53,590,121	\$ 9,108,564	\$ 62,698,685
Delinquent property taxes receivable	774,740	46,994	821,734
Succeeding year property taxes receivable	45,945,774	2,773,604	48,719,378
Other taxes receivable	3,018,465	-	3,018,465
Special assessments	881,581	-	881,581
Accounts receivable	813,165	3,674,681	4,487,846
Loans receivable	7,623,498	-	7,623,498
Accrued interest receivable	277,243	64,403	341,646
Internal balances	538,083	(538,083)	-
Due from other governments	4,407,123	254,645	4,661,768
Prepaid items	162,524	157,510	320,034
Deferred charge-issuance cost	128,438	-	128,438
Total unrestricted current assets	<u>118,160,755</u>	<u>15,542,318</u>	<u>133,703,073</u>
Restricted current assets:			
Cash and cash equivalents	<u>50,291</u>	<u>7,008,704</u>	<u>7,058,995</u>
Total current assets	<u>118,211,046</u>	<u>22,551,022</u>	<u>140,762,068</u>
Noncurrent assets:			
Investment in joint venture	-	469,716	469,716
Capital assets:			
Land	15,623,289	11,008,092	26,631,381
Buildings	55,245,205	86,040,647	141,285,852
Improvements other than buildings	8,813,970	7,125,513	15,939,483
Sanitary sewers	-	50,771,939	50,771,939
Equipment and vehicles	27,233,312	20,724,468	47,957,780
Bridges	4,163,028	-	4,163,028
Traffic signals	6,499,642	-	6,499,642
Storm sewers	15,526,378	-	15,526,378
Paving	104,403,621	19,560	104,423,181
Construction in progress	5,721,060	10,104,112	15,825,172
Accumulated depreciation	<u>(71,463,547)</u>	<u>(66,033,862)</u>	<u>(137,497,409)</u>
Total capital assets	<u>171,765,958</u>	<u>119,760,469</u>	<u>291,526,427</u>
Total noncurrent assets	<u>171,765,958</u>	<u>120,230,185</u>	<u>291,996,143</u>
Total assets	<u>\$ 289,977,004</u>	<u>\$ 142,781,207</u>	<u>\$ 432,758,211</u>

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 4,822,639	\$ 436,032	\$ 5,258,671
Contracts payable	814,282	-	814,282
Accrued wages payable	1,350,406	269,030	1,619,436
Accrued compensated absences	4,940,268	422,113	5,362,381
Claims and judgments	4,071,697	-	4,071,697
Due to other governments	204,515	-	204,515
Accrued interest payable	458,538	75,288	533,826
General obligation bonds payable	9,736,050	2,178,950	11,915,000
Deferred revenue:			
Succeeding year property tax	45,945,774	2,773,604	48,719,378
Other	8,531,224	115,440	8,646,664
Total	<u>80,875,393</u>	<u>6,270,457</u>	<u>87,145,850</u>
Current liabilities payable from restricted assets:			
Accounts payable	50,291	-	50,291
Deposits payable	-	462,486	462,486
Notes payable	103,276	-	103,276
Loan payable	115,266	-	115,266
Total current liabilities payable from restricted assets	<u>268,833</u>	<u>462,486</u>	<u>731,319</u>
Total current liabilities	<u>81,144,226</u>	<u>6,732,943</u>	<u>87,877,169</u>
Noncurrent liabilities:			
Accrued compensated absences	876,602	74,897	951,499
Note payable	516,654	-	516,654
Loan payable	230,533	-	230,533
General obligation bonds payable	83,203,451	22,580,871	105,784,322
Special assessment with government commitment	881,581	-	881,581
Total noncurrent liabilities	<u>85,708,821</u>	<u>22,655,768</u>	<u>108,364,589</u>
Total liabilities	<u>166,853,047</u>	<u>29,388,711</u>	<u>196,241,758</u>
NET ASSETS			
Invested in capital assets, net of related debt	77,077,585	91,650,821	168,728,406
Restricted:			
Employee benefits	3,460,513	-	3,460,513
Tort liability	1,383,102	-	1,383,102
Capital projects	7,492,456	-	7,492,456
Debt retirement	11,459,763	-	11,459,763
Local option sales tax-capital projects	8,063,730	-	8,063,730
Road use tax	5,576,239	-	5,576,239
Community development act loans	496,499	-	496,499
Municipal improvement districts	705,870	-	705,870
Revolving loans	1,446,544	-	1,446,544
Law enforcement block grant	285,997	-	285,997
Fair housing grant	101,489	-	101,489
Unrestricted	<u>5,574,170</u>	<u>21,741,675</u>	<u>27,315,845</u>
Total net assets	<u>\$ 123,123,957</u>	<u>\$ 113,392,496</u>	<u>\$ 236,516,453</u>

The notes to the financial statements are an integral part of this statement.

CITY OF DAVENPORT

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2004

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SALES AND SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
Public safety	\$ 29,072,920	\$ 1,464,648	\$ 991,003	\$ -
Public works	25,266,595	2,058,239	464,470	8,240,557
Culture and recreation	14,720,304	579,825	489,520	6,923,379
Community and economic development	14,016,808	1,028,891	7,729,368	-
General government	8,480,484	1,547,685	347,788	-
Interest on long-term debt	4,088,608	-	-	-
Total governmental activities	95,645,719	6,679,288	10,022,149	15,163,936
Business-type activities:				
Parking system	2,089,879	1,779,026	-	-
Sewer operations	11,612,949	10,455,763	-	1,666,535
Rivercenter	3,976,124	2,464,777	-	205,608
Public transit	4,343,827	411,253	1,069,044	1,599,468
Public housing	906,413	330,757	570,894	-
Golf courses	2,142,641	2,246,411	-	-
Airport	469,150	147,081	15,874	687,215
Curbside recycling	1,256,114	1,610,426	-	-
Total business-type activities	26,797,097	19,445,494	1,655,812	4,158,826
Total government	\$ 122,442,816	\$ 26,124,782	\$ 11,677,961	\$ 19,322,762

General Revenues:

Taxes:

Property taxes, levied for general purposes
Property taxes, levied for debt service
Property taxes, levied for public transit
Local option sales tax
Hotel/motel tax
Franchise taxes
Road use taxes

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning (as restated)

Net assets, ending

The notes to the financial statements are an integral part of this statement.

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

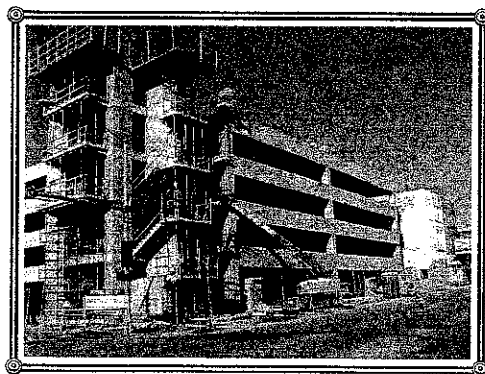
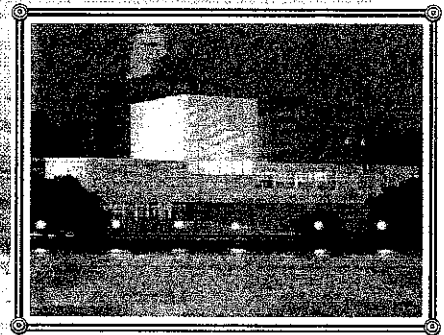
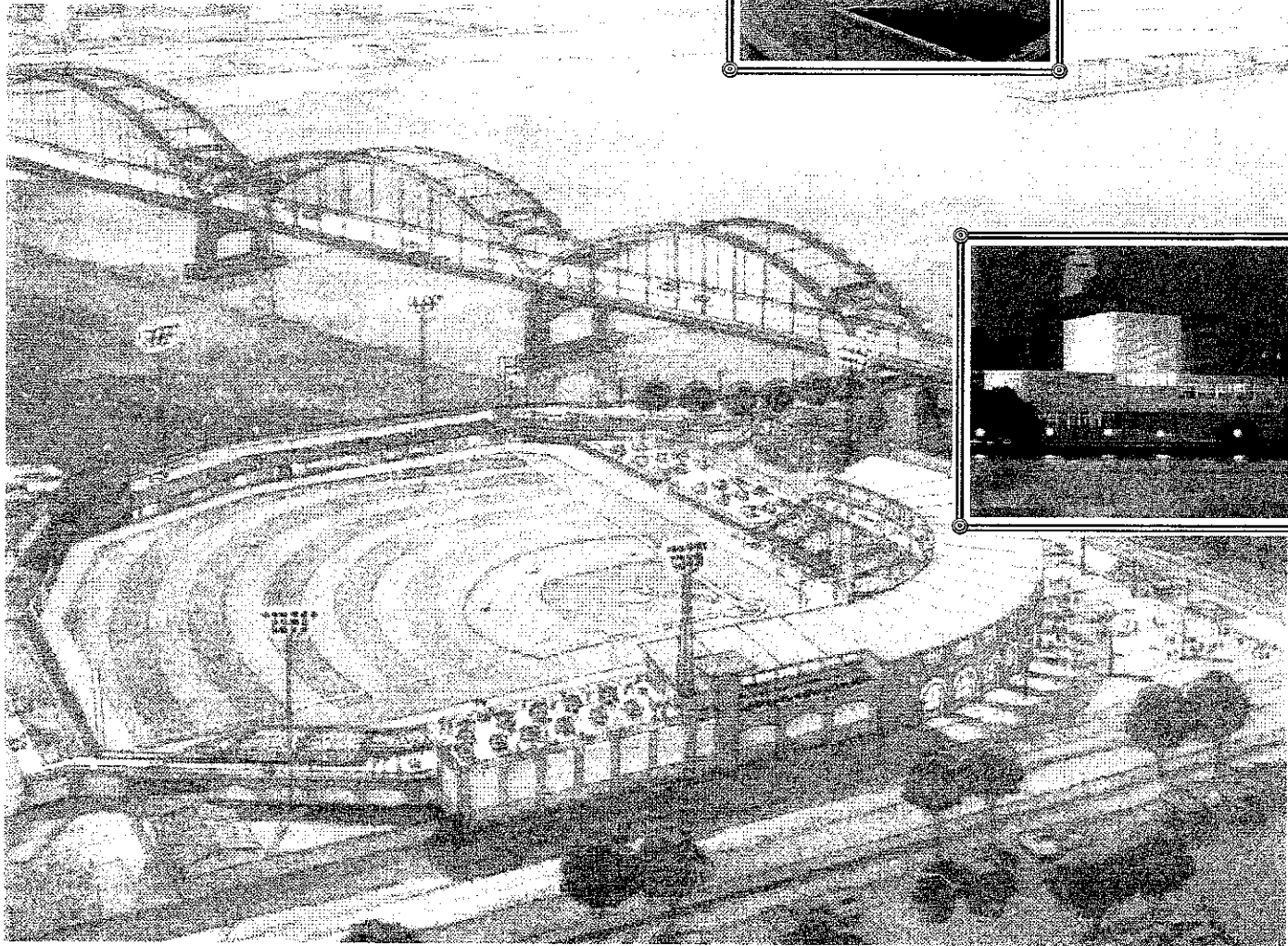
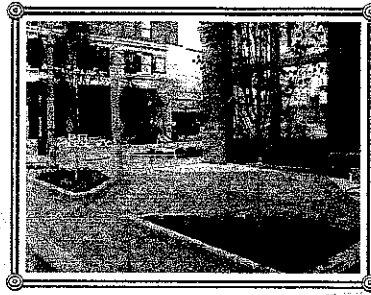
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (26,617,269)	\$ -	\$ (26,617,269)
(14,503,329)	-	(14,503,329)
(6,727,580)	-	(6,727,580)
(5,258,549)	-	(5,258,549)
(6,585,011)	-	(6,585,011)
(4,088,608)	-	(4,088,608)
<u>(63,780,346)</u>	<u>-</u>	<u>(63,780,346)</u>
-	(310,853)	(310,853)
-	509,349	509,349
-	(1,305,739)	(1,305,739)
-	(1,264,062)	(1,264,062)
-	(4,762)	(4,762)
-	103,770	103,770
-	381,020	381,020
-	354,312	354,312
-	<u>(1,536,965)</u>	<u>(1,536,965)</u>
<u>(63,780,346)</u>	<u>(1,536,965)</u>	<u>(65,317,311)</u>
38,675,409	-	38,675,409
5,108,725	-	5,108,725
-	2,628,096	2,628,096
12,892,682	-	12,892,682
1,453,268	-	1,453,268
3,082,228	-	3,082,228
8,241,614	-	8,241,614
1,542,997	344,863	1,887,860
291,640	74,114	365,754
<u>(383,019)</u>	<u>383,019</u>	<u>-</u>
<u>70,905,544</u>	<u>3,430,092</u>	<u>74,335,636</u>
7,125,198	1,893,127	9,018,325
<u>115,998,759</u>	<u>111,499,369</u>	<u>227,498,128</u>
<u>\$ 123,123,957</u>	<u>\$ 113,392,496</u>	<u>\$ 236,516,453</u>

CITY OF DAVENPORT**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2004**

		LOCAL OPTION SALES TAX FUND	GENERAL DEBT SERVICE FUND
ASSETS	GENERAL FUND		
Cash and investments	\$ 11,644,380	\$ 7,164,478	\$ 9,108,563
Receivables:			
Property taxes:			
Delinquent	687,157	-	51,072
Succeeding year	39,866,708	-	3,095,793
Other taxes	576,518	2,441,947	-
Accounts	772,458	-	18,331
Special assessments	-	40,397	841,184
Loans	-	-	-
Interest	99,569	-	88,861
Interfund loans receivable	588,201	-	1,465,168
Due from other governments	188,027	2,306	-
Prepays	128,737	-	-
Restricted assets-cash and investments	-	-	-
TOTAL ASSETS	\$ 54,551,755	\$ 9,649,128	\$ 14,668,972
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Wages payable	\$ 1,154,425	\$ 24,036	\$ -
Accounts payable	665,409	12,494	-
Contracts payable	-	-	-
Payable from restricted assets	-	-	-
Interfund loans payable	68,925	1,508,921	-
Due to other governments	-	-	-
Deferred revenue:			
Succeeding year property tax	39,866,708	-	3,095,793
Other	225,524	39,947	823,724
Matured bonds payable	-	-	30,000
Matured interest payable	-	-	4,193
Total Liabilities	41,980,991	1,585,398	3,953,710
FUND BALANCES:			
Reserved for encumbrances	83,278	191,178	-
Reserved for future projects	-	-	-
Reserved for tort liability	1,383,102	-	-
Reserved for loan applicants	-	-	-
Reserved for employee benefits	3,401,631	-	-
Reserved for debt retirement	-	-	10,715,262
Reserved for drug enforcement	182,093	-	-
Reserved for capital projects	-	7,872,552	-
Unreserved:			
Designated for specific projects:			
General	1,538,074	-	-
Special revenue	-	-	-
Undesignated:			
General	5,982,586	-	-
Capital projects	-	-	-
Special revenue	-	-	-
Total Fund Balances	12,570,764	8,063,730	10,715,262
TOTAL LIABILITIES AND FUND BALANCES	\$ 54,551,755	\$ 9,649,128	\$ 14,668,972

The notes to the financial statements are an integral part of this statement.

CAPITAL PROJECTS FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 8,995,651	\$ 9,801,944	\$ 46,715,016
-	36,511	774,740
-	2,983,273	45,945,774
-	-	3,018,465
-	21,551	812,340
-	-	881,581
-	7,623,498	7,623,498
31,006	22,020	241,456
183,603	-	2,236,972
2,718,069	1,492,601	4,401,003
-	2,499	131,236
-	50,291	50,291
<u>\$ 11,928,329</u>	<u>\$ 22,034,188</u>	<u>\$ 112,832,372</u>
\$ 4,471	\$ 147,995	\$ 1,330,927
3,617,120	353,933	4,648,956
814,282	-	814,282
-	50,291	50,291
-	561,061	2,138,907
-	142,790	142,790
-	2,983,273	45,945,774
-	7,642,394	8,731,589
-	-	30,000
-	-	4,193
<u>4,435,873</u>	<u>11,881,737</u>	<u>63,837,709</u>
10,560,165	138,485	10,973,106
-	703,626	703,626
-	-	1,383,102
-	1,943,043	1,943,043
-	-	3,401,631
-	1,180,839	11,896,101
-	-	182,093
-	-	7,872,552
-	-	1,538,074
-	679,397	679,397
-	-	5,982,586
(3,067,709)	-	(3,067,709)
-	5,507,061	5,507,061
<u>7,492,456</u>	<u>10,152,451</u>	<u>48,994,663</u>
<u>\$ 11,928,329</u>	<u>\$ 22,034,188</u>	<u>\$ 112,832,372</u>



CITY OF DAVENPORT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET ASSETS
June 30, 2004**

Total governmental fund balances \$ 48,994,663

Amounts reported for governmental activities in the statement of net assets are
different because:

Capital assets used in governmental activities are not financial resources and, therefore,
are not reported in the funds. 171,494,093

Other long-term assets are not available to pay for current-period expenditures and,
therefore, are deferred in the funds. 200,365

Internal service funds are used by management to charge the costs of certain services to
individual funds. The assets and liabilities of the internal service funds are included in
governmental activities in the statement of net assets. 2,907,293

Internal service fund activities allocated to business-type activities 440,018

Deferred charges 128,438

Long-term liabilities, including bonds payable, are not due and payable in the current
period and, therefore, are not reported in the funds.

Accrued employee benefits (5,769,757)
Accrued interest payable (454,345)
Notes payable (619,930)
General obligation bonds payable (93,791,082)
Loans payable (405,799)

Net assets of governmental activities (101,040,913)
\$ 123,123,957

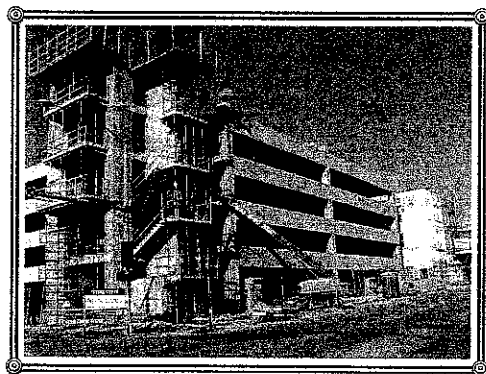
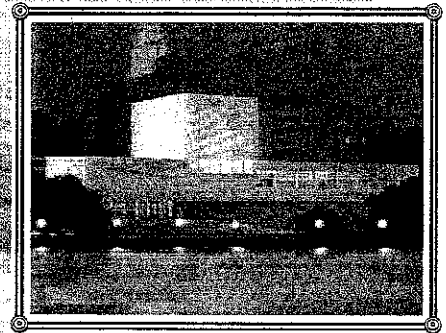
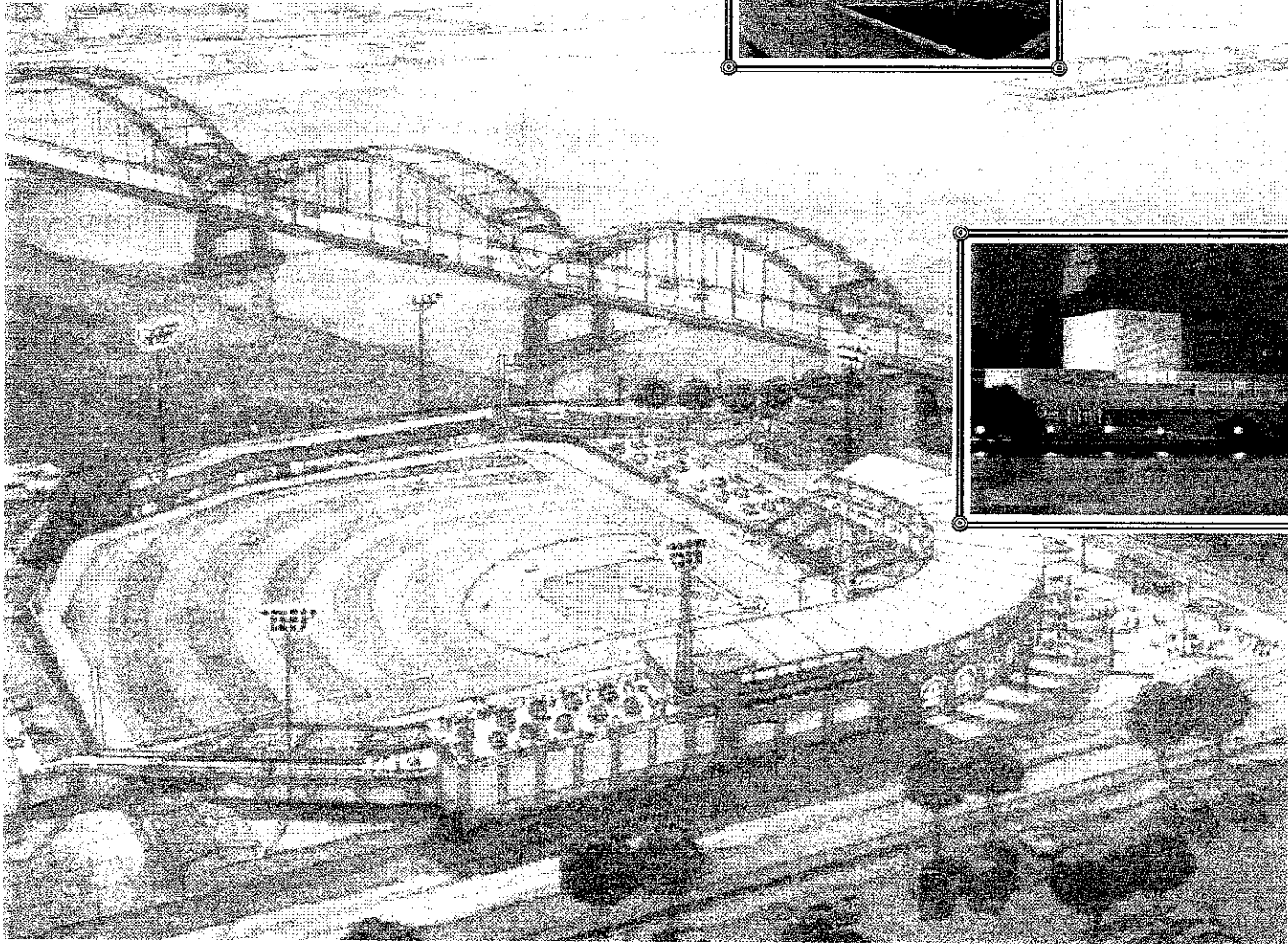
The notes to the financial statements are an integral part of this statement.

CITY OF DAVENPORT**GOVERNMENTAL FUNDS****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****For the Fiscal Year Ended June 30, 2004**

	GENERAL FUND	LOCAL OPTION SALES TAX FUND	GENERAL DEBT SERVICE FUND	CAPITAL PROJECTS FUND
REVENUES:				
Taxes	\$ 41,708,886	\$ 12,892,681	\$ 2,704,835	\$ -
Special assessments	-	18,098	-	-
Licenses and permits	1,556,959	-	-	-
Intergovernmental	1,115,608	-	6,338	12,259,011
Charges for services	3,541,801	52,350	-	-
Use of monies and property	834,065	8,808	249,383	-
Fines and forfeits	506,665	-	-	-
Loan repayments	-	-	-	-
Other	1,882,959	-	-	520,117
Total Revenues	<u>51,146,943</u>	<u>12,971,937</u>	<u>2,960,556</u>	<u>12,779,128</u>
EXPENDITURES:				
Current:				
Public safety	28,988,892	330,417	-	-
Public works	5,694,033	1,178,770	-	5,266,577
Culture and recreation	7,336,762	-	-	7,887,130
Community and economic development	1,738,809	-	-	3,579,400
General government	5,915,537	90,275	3,000	550,210
Capital outlay	-	-	-	26,820,496
Debt service:				
Principal retirement	-	-	8,714,705	-
Interest	-	-	3,170,823	-
Bond issuance costs	-	-	134,961	93,445
Total Expenditures	<u>49,674,033</u>	<u>1,599,462</u>	<u>12,023,489</u>	<u>44,197,258</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,472,910</u>	<u>11,372,475</u>	<u>(9,062,933)</u>	<u>(31,418,130)</u>
OTHER FINANCING SOURCES (USES):				
Bond issuance	-	-	-	27,225,000
Discount on debt issued	-	-	-	(154,069)
Sale of capital assets	39,202	23,232	-	-
Transfers in	734,821	-	7,835,609	3,403,243
Transfers out	(1,344,050)	(10,102,032)	-	-
Refunding bond issuance	-	-	11,207,000	-
Payment to refunded bond escrow agent	-	-	(11,070,928)	-
Total Other Financing Sources (Uses)	<u>(570,027)</u>	<u>(10,078,800)</u>	<u>7,971,681</u>	<u>30,474,174</u>
NET CHANGE IN FUND BALANCES	902,883	1,293,675	(1,091,252)	(943,956)
FUND BALANCES - BEGINNING	<u>11,667,881</u>	<u>6,770,055</u>	<u>11,806,514</u>	<u>8,436,412</u>
FUND BALANCES - ENDING	<u>\$ 12,570,764</u>	<u>\$ 8,063,730</u>	<u>\$ 10,715,262</u>	<u>\$ 7,492,456</u>

The notes to the financial statements are an integral part of this statement.

TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 3,351,179	\$ 60,657,581
-	18,098
-	1,556,959
15,066,812	28,447,769
-	3,594,151
450,741	1,542,997
27,198	533,863
976,217	976,217
417,522	2,820,598
<u>20,289,669</u>	<u>100,148,233</u>
347,404	29,666,713
7,166,214	19,305,594
47,085	15,270,977
8,646,567	13,964,776
102,890	6,661,912
-	26,820,496
2,380,790	11,095,495
974,094	4,144,917
1,615	230,021
<u>19,666,659</u>	<u>127,160,901</u>
<u>623,010</u>	<u>(27,012,668)</u>
250,000	27,475,000
-	(154,069)
7,349	69,783
54,352	12,028,025
(964,962)	(12,411,044)
130,000	11,337,000
(128,348)	(11,199,276)
<u>(651,609)</u>	<u>27,145,419</u>
(28,599)	132,751
<u>10,181,050</u>	<u>48,861,912</u>
<u>\$ 10,152,451</u>	<u>\$ 48,994,663</u>



CITY OF DAVENPORT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Fiscal Year Ended June 30, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances: total governmental funds	\$ 132,751
---	------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost for those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	28,517,362
Depreciation	(8,112,350)
	<hr/> 20,405,012

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and disposals) is to increase/decrease net assets.	2,940,907
---	-----------

The net effect of the sale of capital assets to decrease net assets	(69,783)
---	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	100,778
---	---------

The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds interest expenditures are reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items.

General obligation bonds issued	(37,951,368)
Repayment of bond principal	21,790,494
Deferred charges	84,044
Interest	(77,523)
	<hr/> (16,154,353)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	445,206
---	---------

Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities.	<hr/> (675,320)
---	-----------------

Change in net assets of governmental activities	<hr/> \$ 7,125,198
---	--------------------

The notes to the financial statements are an integral part of this statement.

CITY OF DAVENPORT**GENERAL FUND****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL****For the Fiscal Year Ended June 30, 2004**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Taxes	\$41,346,582	\$ 41,346,582	\$ 41,708,886	\$ 362,304
Licenses and permits	1,226,684	1,226,684	1,556,959	330,275
Intergovernmental	2,417,481	814,668	1,115,608	300,940
Charges for services	3,427,672	3,923,161	3,541,801	(381,360)
Use of monies and property	1,163,398	1,191,708	834,065	(357,643)
Fines and forfeits	506,519	506,519	506,665	146
Other	527,091	3,089,279	1,882,959	(1,206,320)
Total Revenues	<u>50,615,427</u>	<u>52,098,601</u>	<u>51,146,943</u>	<u>(951,658)</u>
EXPENDITURES:				
Current:				
Public safety	28,251,280	29,053,761	28,988,892	64,869
Public works	6,003,135	5,885,801	5,694,033	191,768
Culture and recreation	6,959,224	7,296,618	7,336,762	(40,144)
Community and economic development	1,884,088	1,832,610	1,738,809	93,801
General government	<u>7,291,253</u>	<u>7,256,325</u>	<u>5,915,537</u>	<u>1,340,788</u>
Total Expenditures	<u>50,388,980</u>	<u>51,325,115</u>	<u>49,674,033</u>	<u>1,651,082</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>226,447</u>	<u>773,486</u>	<u>1,472,910</u>	<u>699,424</u>
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	150,000	39,202	(110,798)
Transfers in	100,000	506,040	734,821	228,781
Transfers out	<u>(1,053,160)</u>	<u>(2,030,147)</u>	<u>(1,344,050)</u>	<u>686,097</u>
Total Other Financing Sources (Uses)	<u>(953,160)</u>	<u>(1,374,107)</u>	<u>(570,027)</u>	<u>804,080</u>
NET CHANGE IN FUND BALANCES	(726,713)	(600,621)	902,883	1,503,504
FUND BALANCES - BEGINNING	<u>11,667,881</u>	<u>11,667,881</u>	<u>11,667,881</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 10,941,168</u>	<u>\$ 11,067,260</u>	<u>\$ 12,570,764</u>	<u>\$ 1,503,504</u>

The notes to the financial statements are an integral part of this statement.

CITY OF DAVENPORT**LOCAL OPTION SALES TAX FUND****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL****For the Fiscal Year Ended June 30, 2004**

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUES:	ORIGINAL	FINAL	ACTUAL	
Taxes	\$ 12,088,000	\$ 12,275,000	\$ 12,892,681	\$ 617,681
Special assessments	25,000	-	18,098	18,098
Charges for services	50,000	50,000	52,350	2,350
Use of monies and property	-	-	8,808	8,808
Total Revenues	<u>12,163,000</u>	<u>12,325,000</u>	<u>12,971,937</u>	<u>646,937</u>
EXPENDITURES:				
Current:				
Public safety	566,850	554,136	330,417	223,719
Public works	1,023,961	1,364,696	1,178,770	185,926
Culture and recreation	69,930	105,000	-	105,000
General government	43,316	78,613	90,275	(11,662)
Total Expenditures	<u>1,704,057</u>	<u>2,102,445</u>	<u>1,599,462</u>	<u>502,983</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,458,943</u>	<u>10,222,555</u>	<u>11,372,475</u>	<u>1,149,920</u>
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	-	23,232	23,232
Transfers out	(10,606,800)	(14,645,499)	(10,102,032)	4,543,467
Total Other Financing Sources (Uses)	<u>(10,606,800)</u>	<u>(14,645,499)</u>	<u>(10,078,800)</u>	<u>4,566,699</u>
NET CHANGE IN FUND BALANCES	(147,857)	(4,422,944)	1,293,675	5,716,619
FUND BALANCES - BEGINNING	<u>6,770,055</u>	<u>6,770,055</u>	<u>6,770,055</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 6,622,198</u>	<u>\$ 2,347,111</u>	<u>\$ 8,063,730</u>	<u>\$ 5,716,619</u>

The notes to the financial statements are an integral part of this statement.

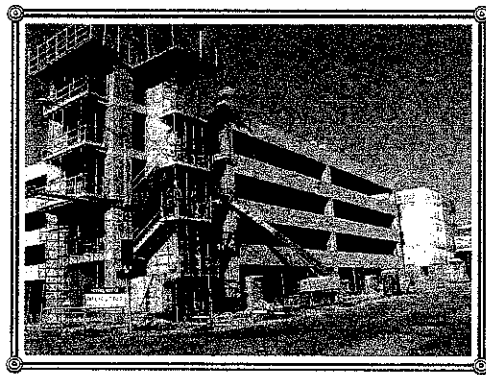
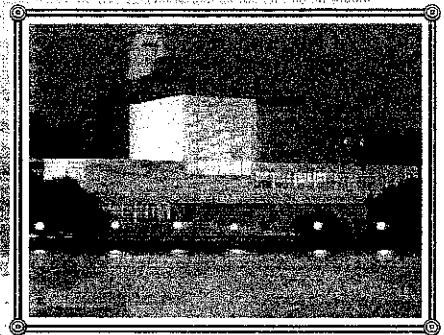
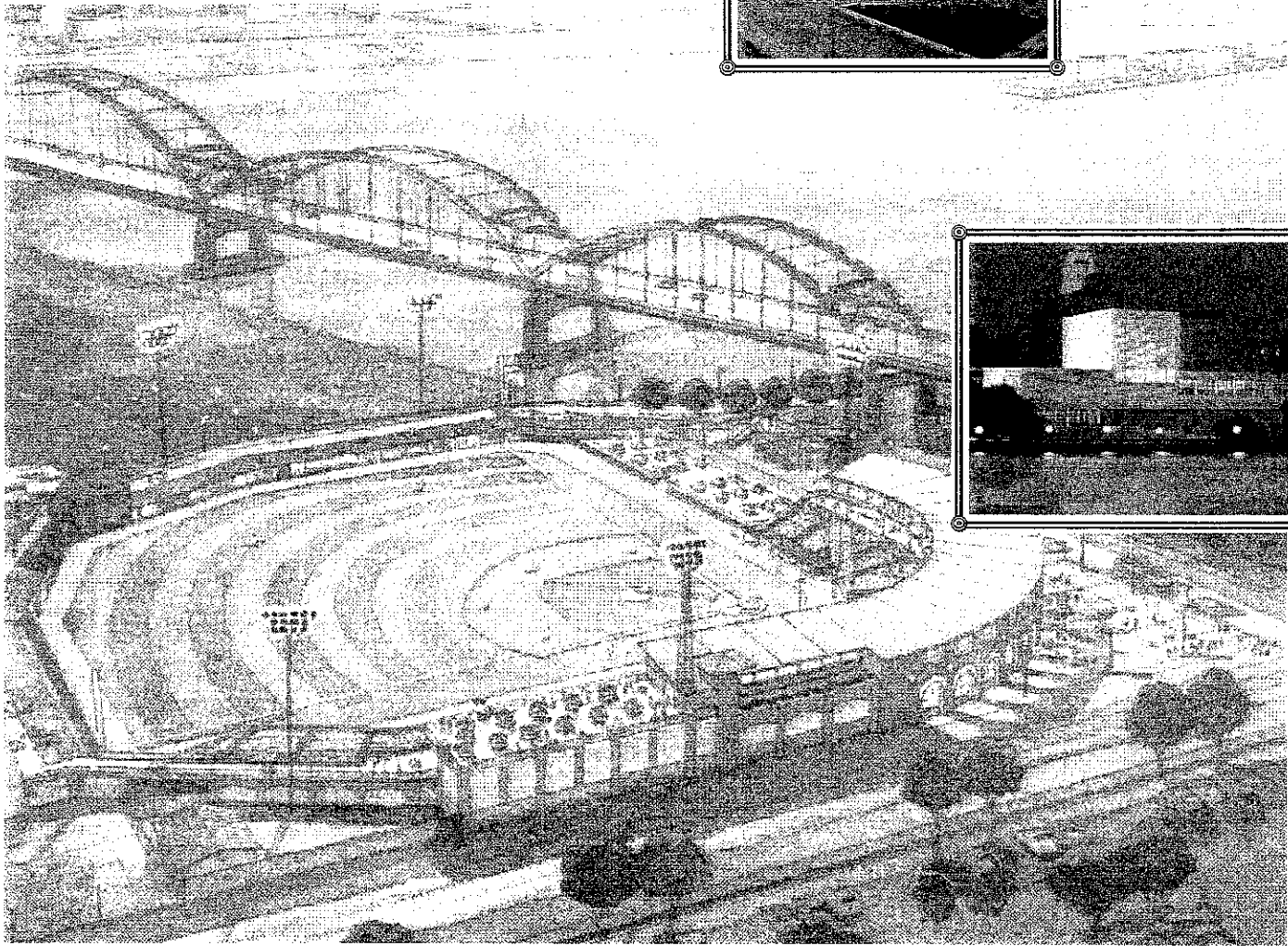
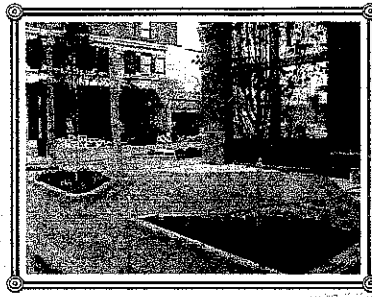
CITY OF DAVENPORT
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2004

	BUSINESS-TYPE ACTIVITIES -	
ASSETS	PARKING SYSTEM	SEWER OPERATIONS
Current assets:		
Cash and cash equivalents	\$ 1,161,617	\$ 6,843,228
Receivables:		
Property taxes:		
Delinquent	-	-
Succeeding year	-	-
Accounts	48,986	2,793,476
Interest	6,076	52,351
Due from other governments	-	138,111
Prepays	-	-
Restricted cash and cash equivalents	-	6,612,546
Total current assets	1,216,679	16,439,712
Noncurrent assets:		
Investment in joint venture	-	-
Capital assets:		
Land	3,607,868	628,157
Buildings	26,238,949	28,529,358
Improvements other than buildings	-	207,791
Sanitary sewers	-	50,771,939
Equipment and vehicles	514,135	13,170,349
Paving	-	-
Less accumulated depreciation	(3,134,304)	(42,588,296)
Construction in progress	-	7,397,723
Total noncurrent assets	27,226,648	58,117,021
Total assets	28,443,327	74,556,733
LIABILITIES		
LIABILITIES:		
Current liabilities:		
Wages payable	12,232	131,010
Accounts payable	22,599	120,701
Accrued interest payable	22,985	47,211
Compensated absences	23,424	244,436
Claims and judgments	-	-
Due to other governments	-	-
Interfund loans payable	-	-
Deferred revenue:		
Succeeding year property tax	-	-
Other	-	-
General obligation bonds - current	125,000	1,838,950
Total current liabilities	206,240	2,382,308
Current liabilities payable from restricted assets:		
Deposits payable	-	434,555
Noncurrent liabilities:		
Compensated absences	4,156	43,372
General obligation bonds -long term	9,812,393	11,554,226
Total noncurrent liabilities	9,816,549	11,597,598
Total liabilities	10,022,789	14,414,461
NET ASSETS		
Invested in capital assets, net of related debt	17,289,255	41,486,112
Unrestricted	1,131,283	18,656,160
Total net assets	\$ 18,420,538	\$ 60,142,272

The notes to the financial statements are an integral part of this statement

ENTERPRISE FUNDS

<u>RIVERCENTER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</u>
\$ -	\$ 1,103,719	\$ 9,108,564	\$ 6,875,105
-	46,994	46,994	-
-	2,773,604	2,773,604	-
78,861	753,358	3,674,681	825
-	5,976	64,403	35,787
-	116,534	254,645	6,120
99,030	58,480	157,510	31,288
-	396,158	7,008,704	-
<u>177,891</u>	<u>5,254,823</u>	<u>23,089,105</u>	<u>6,949,125</u>
-	469,716	469,716	-
2,625,230	4,146,837	11,008,092	-
19,873,307	11,399,033	86,040,647	-
29,403	6,888,319	7,125,513	-
-	-	50,771,939	-
654,282	6,385,702	20,724,468	1,328,022
-	19,560	19,560	-
(6,765,609)	(13,545,653)	(66,033,862)	(1,056,157)
206,372	2,500,017	10,104,112	-
<u>16,622,985</u>	<u>18,263,531</u>	<u>120,230,185</u>	<u>271,865</u>
<u>16,800,876</u>	<u>23,518,354</u>	<u>143,319,290</u>	<u>7,220,990</u>
8,297	117,491	269,030	19,479
63,360	229,372	436,032	173,683
-	5,092	75,288	-
3	154,250	422,113	40,013
-	-	-	4,071,697
-	-	-	1,725
58,962	39,103	98,065	-
-	2,773,604	2,773,604	-
100,765	14,675	115,440	-
-	215,000	2,178,950	-
<u>231,387</u>	<u>3,548,587</u>	<u>6,368,522</u>	<u>4,306,597</u>
<u>2,000</u>	<u>25,931</u>	<u>462,486</u>	<u>-</u>
-	27,369	74,897	7,100
-	1,214,252	22,580,871	-
-	1,241,621	22,655,768	7,100
<u>233,387</u>	<u>4,816,139</u>	<u>29,486,776</u>	<u>4,313,697</u>
16,622,985	16,252,469	91,650,821	271,865
(55,496)	2,449,746	22,181,693	2,635,428
<u>\$ 16,567,489</u>	<u>\$ 18,702,215</u>	<u>\$ 113,832,514</u>	<u>\$ 2,907,293</u>



CITY OF DAVENPORT

RECONCILIATION OF ENTERPRISE FUNDS NET ASSETS TO THE STATEMENT OF NET ASSETS
June 30, 2004

Total enterprise funds net assets	\$ 113,832,514
Amounts reported for enterprise activities in the statement of net assets are different because:	
Internal service funds are used by management to charge the costs of certain services to individual funds. Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.	(237,799)
Adjustments to reflect the consolidation of prior years internal service fund activities related to enterprise funds.	<u>(202,219)</u>
Net assets of business-type activities	<u>\$ 113,392,496</u>

The notes to the financial statements are an integral part of this statement.

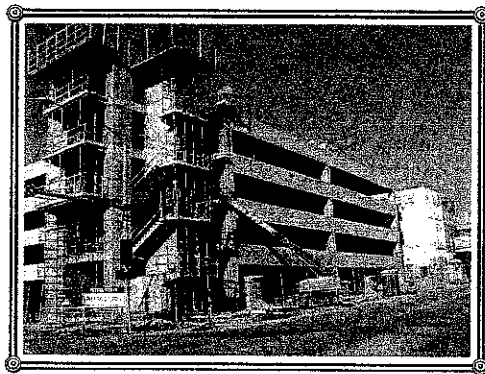
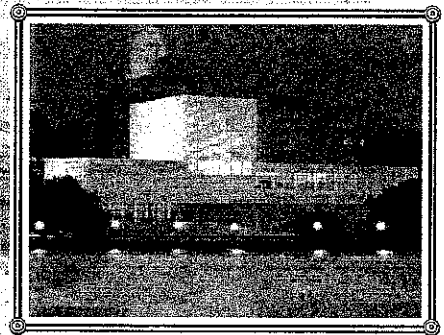
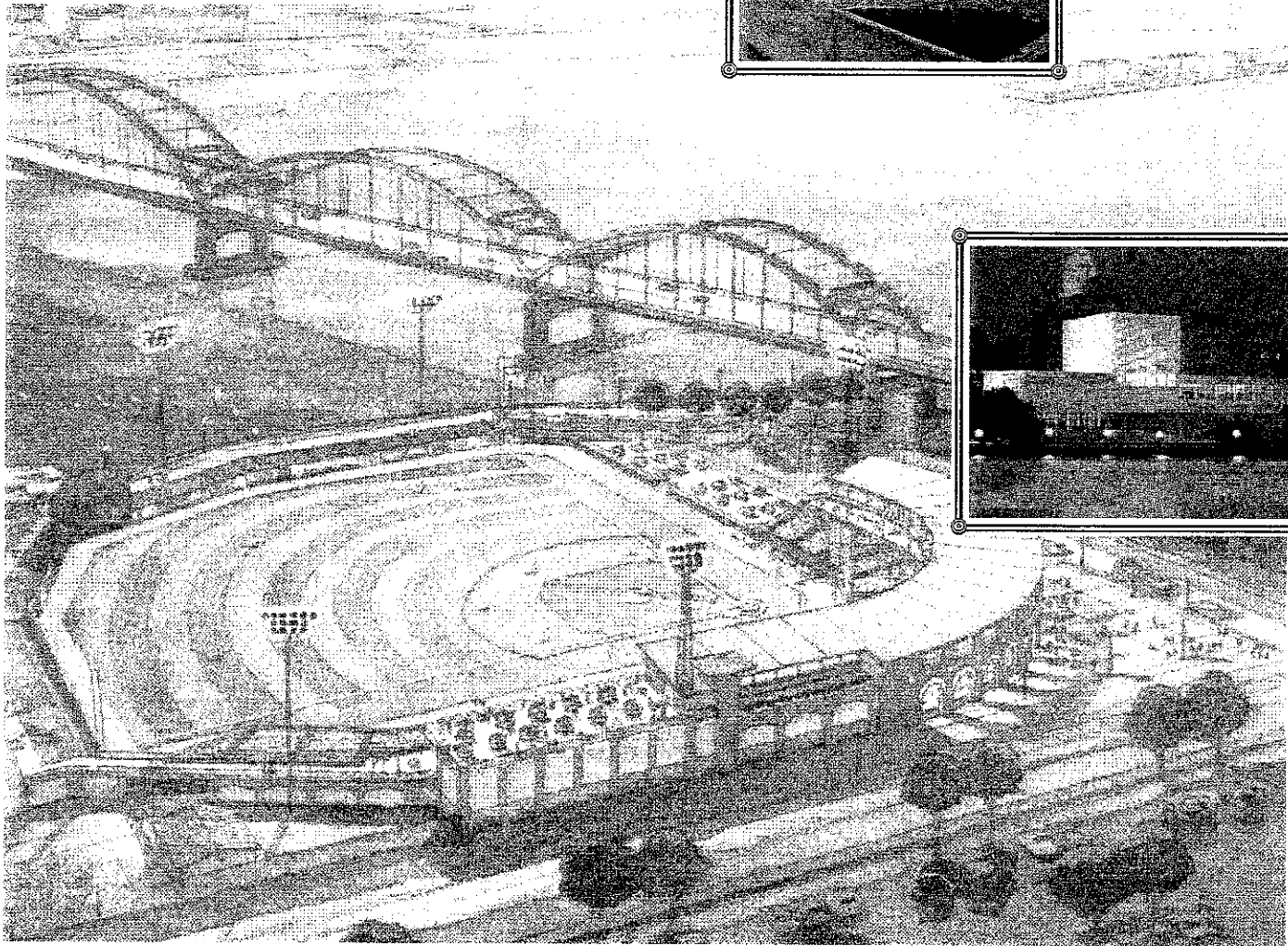
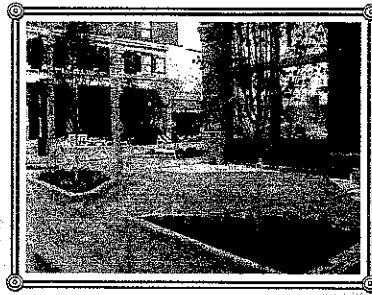
CITY OF DAVENPORT**PROPRIETARY FUNDS****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS****For the Fiscal Year Ended June 30, 2004**

	BUSINESS-TYPE ACTIVITIES -		
	<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>	<u>RIVERCENTER</u>
OPERATING REVENUES:			
Charges for services	\$ 1,507,195	\$ 10,455,763	\$ 2,464,777
Fines and forfeits	176,152	-	-
Other	3,300	5,827	15,188
Total Operating Revenues	<u>1,686,647</u>	<u>10,461,590</u>	<u>2,479,965</u>
OPERATING EXPENSES:			
Employee expenses	484,741	4,363,108	66,253
Supplies and services	583,139	3,951,259	3,311,181
Depreciation	658,739	2,620,512	574,405
Total Operating Expenses	<u>1,726,619</u>	<u>10,934,879</u>	<u>3,951,839</u>
OPERATING INCOME (LOSS)	<u>(39,972)</u>	<u>(473,289)</u>	<u>(1,471,874)</u>
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Operating grants	-	-	-
Use of monies and property	28,028	233,842	98
Interest expense	(338,073)	(600,203)	-
Gain (loss) on disposition of fixed assets	95,679	-	-
Joint venture adjustment	-	-	-
Total Non-operating Revenues (Expenses)	<u>(214,366)</u>	<u>(366,361)</u>	<u>98</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(254,338)</u>	<u>(839,650)</u>	<u>(1,471,776)</u>
Capital contributions	-	1,666,535	205,608
Transfers in	-	-	897,371
Transfers out	<u>(460,000)</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>(714,338)</u>	<u>826,885</u>	<u>(368,797)</u>
Total net assets - beginning	<u>19,134,876</u>	<u>59,315,387</u>	<u>16,936,286</u>
Total net assets - ending	<u>\$ 18,420,538</u>	<u>\$ 60,142,272</u>	<u>\$ 16,567,489</u>

The notes to the financial statements are an integral part of this statement.

ENTERPRISE FUNDS

<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</u>
\$ 4,739,613	\$ 19,167,348	\$ 12,308,360
-	176,152	-
49,799	74,114	13,060
<u>4,789,412</u>	<u>19,417,614</u>	<u>12,321,420</u>
3,722,881	8,636,983	855,394
4,105,488	11,951,067	12,352,162
993,781	4,847,437	135,347
<u>8,822,150</u>	<u>25,435,487</u>	<u>13,342,903</u>
<u>(4,032,738)</u>	<u>(6,017,873)</u>	<u>(1,021,483)</u>
2,628,096	2,628,096	-
1,655,812	1,655,812	-
82,895	344,863	108,364
(69,457)	(1,007,733)	-
6,315	101,994	-
<u>(116,078)</u>	<u>(116,078)</u>	<u>-</u>
<u>4,187,583</u>	<u>3,606,954</u>	<u>108,364</u>
154,845	(2,410,919)	(913,119)
2,286,683	4,158,826	-
-	897,371	-
<u>(54,352)</u>	<u>(514,352)</u>	<u>-</u>
<u>2,387,176</u>	<u>2,130,926</u>	<u>(913,119)</u>
<u>16,315,039</u>	<u>111,701,588</u>	<u>3,820,412</u>
<u>\$ 18,702,215</u>	<u>\$ 113,832,514</u>	<u>\$ 2,907,293</u>



CITY OF DAVENPORT

**RECONCILIATION OF THE CHANGE IN NET ASSETS OF ENTERPRISE FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2004**

Net change in net assets in enterprise funds \$ 2,130,926

Amounts reported for proprietary activities in the statement of activities are different because:

Internal service funds are used by management to charge the costs of various activities internally to individual funds. Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

(237,799)

Change in net assets of business-type activities \$ 1,893,127

The notes to the financial statements are an integral part of this statement.

CITY OF DAVENPORT**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2004**

	<u>BUSINESS-TYPE ACTIVITIES -</u>	
	<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	\$ 1,694,177	\$ 10,570,809
Cash paid to suppliers for goods and services	(580,752)	(3,333,624)
Cash paid to employees for services	(479,391)	(4,285,754)
Payment in lieu of taxes	-	(616,419)
Other operating revenue	3,300	5,827
Net Cash Provided by (Used for) Operating Activities	<u>637,334</u>	<u>2,340,839</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Repayments to other funds	-	(108,790)
Advances from other funds	-	-
Operating grants	-	-
Property tax	-	-
Transfers in	-	-
Transfers out	(460,000)	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(460,000)</u>	<u>(108,790)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from general obligation bonds	-	1,430,000
Proceeds from the sale of fixed assets	400,000	-
Acquisition and construction of capital assets	(18,583)	(1,875,088)
Principal paid on long-term debt	(77,700)	(1,983,300)
Interest paid on long-term debt	(296,476)	(600,203)
Special assessments	-	(121)
Refunding bond proceeds	-	673,000
Payment to refunding bond escrow agent	-	(666,358)
Refunding issue costs	-	(6,368)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>7,241</u>	<u>(3,028,438)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and investment income	<u>27,553</u>	<u>241,687</u>
Net Increase (Decrease) in Cash and Cash Equivalents	212,128	(554,702)
CASH AND CASH EQUIVALENTS-BEGINNING	<u>949,489</u>	<u>14,010,476</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 1,161,617</u>	<u>\$ 13,455,774</u>

The notes to the financial statements are an integral part of this statement.

ENTERPRISE FUNDS

<u>RIVERCENTER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</u>
\$ 2,358,294	\$ 4,833,629	\$ 19,456,909	\$ 12,344,035
(3,378,378)	(4,098,934)	(11,391,688)	(12,356,855)
(90,251)	(3,687,156)	(8,542,552)	(880,490)
-	-	(616,419)	-
<u>15,188</u>	<u>49,799</u>	<u>74,114</u>	<u>13,060</u>
<u>(1,095,147)</u>	<u>(2,902,662)</u>	<u>(1,019,636)</u>	<u>(880,250)</u>
-	(671,719)	(780,509)	-
58,962	39,103	98,065	-
-	1,655,812	1,655,812	-
-	2,622,571	2,622,571	-
897,371	-	897,371	-
-	(54,352)	(514,352)	-
<u>956,333</u>	<u>3,591,415</u>	<u>3,978,958</u>	<u>-</u>
-	330,000	1,760,000	-
-	6,315	406,315	-
-	(689,457)	(2,583,128)	-
-	(260,000)	(2,321,000)	-
-	(73,681)	(970,360)	-
-	-	(121)	-
-	-	673,000	-
-	-	(666,358)	-
-	-	(6,368)	-
<u>-</u>	<u>(686,823)</u>	<u>(3,708,020)</u>	<u>-</u>
<u>98</u>	<u>81,932</u>	<u>351,270</u>	<u>112,827</u>
(138,716)	83,862	(397,428)	(767,423)
<u>138,716</u>	<u>1,416,015</u>	<u>16,514,696</u>	<u>7,642,528</u>
<u>\$ -</u>	<u>\$ 1,499,877</u>	<u>\$ 16,117,268</u>	<u>\$ 6,875,105</u>

(continued)

CITY OF DAVENPORT**PROPRIETARY FUNDS (CONTINUED)
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2004**

	<u>BUSINESS-TYPE ACTIVITIES -</u>	
	<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>		
Operating Income (Loss)	<u>\$ (39,972)</u>	<u>\$ (473,289)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Provided by (Used for) Operating Activities:		
Depreciation	658,739	2,620,512
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	10,830	(17,299)
Decrease (increase) in due from other governments	-	41,541
Decrease (increase) in prepaids	-	-
Increase (decrease) in accounts payable	2,387	92,020
Increase (decrease) in other accrued liabilities	5,350	77,354
Increase (decrease) in other deferred revenue	-	-
Increase (decrease) in due to other governments	-	-
Total Adjustments	<u>677,306</u>	<u>2,814,128</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 637,334</u>	<u>\$ 2,340,839</u>
<u>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Acquisition of capital assets	\$ -	\$ (1,666,535)
Contribution of capital assets by municipality	-	74,489
Contribution of capital assets by subdividers	-	1,526,479
Contribution of capital assets by state and federal governments	-	-
Contribution of capital assets by other	-	65,567

ENTERPRISE FUNDS

<u>RIVERCENTER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</u>
<u>\$ (1,471,874)</u>	<u>\$ (4,032,738)</u>	<u>\$ (6,017,873)</u>	<u>\$ (1,021,483)</u>
574,405	993,781	4,847,437	135,347
42,181	(313,200)	(277,488)	29,653
-	400,323	441,864	6,022
(2,362)	(58,480)	(60,842)	8,735
(64,835)	65,034	94,606	(6,153)
(23,998)	35,725	94,431	(25,096)
(148,664)	6,893	(141,771)	-
-	-	-	(7,275)
<u>376,727</u>	<u>1,130,076</u>	<u>4,998,237</u>	<u>141,233</u>
<u>\$ (1,095,147)</u>	<u>\$ (2,902,662)</u>	<u>\$ (1,019,636)</u>	<u>\$ (880,250)</u>
\$ (205,608)	\$ (2,286,683)	\$ (4,158,826)	\$ -
205,608	286,229	566,326	-
-	-	1,526,479	-
-	2,000,454	2,000,454	-
-	-	65,567	-

CITY OF DAVENPORT

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2004**

	AGENCY FUNDS
<u>ASSETS</u>	
Cash and investments	\$ 349,812
Interest receivable	1,634
Total assets	<u>\$ 351,446</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 32,059
Due to other governments	319,387
Total liabilities	<u>\$ 351,446</u>

The notes to the financial statements are an integral part of this statement.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Davenport, Iowa, was incorporated in 1836 and is one of the few remaining special charter cities in Iowa. The General Assembly of Iowa in 1851 adopted a special charter of the City and with subsequent amendments adopted by the General Assembly in 1853, 1855 and 1857, the charter has remained unchanged to this date. Subsequent changes to the laws of the State of Iowa affecting cities under special charter have been made from time to time and are now codified in Chapter 420, Code of Iowa. The form of City government is Mayor-Council, utilizing a professional City Administrator. The City of Davenport provides a wide variety of public services through eleven professionally staffed departments and the office of the City Administrator, including public safety (police and fire), streets, sewers and bridges, garbage and refuse collection, sewage treatment, culture-recreation, mass transportation, public improvements, planning and zoning, and general administrative services.

These financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) that apply to governmental units. All funds created under the authority of the State Code of Iowa, the operations of which are under the control of the City's governing body required by financial reporting standards for governmental units, are included herewith.

The City of Davenport has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the City.

The City of Davenport does not include any component units within its reporting entity.

Joint Venture – the City is a participant in a joint venture agreement (Quad-City Garage Policy Group) with Rock Island County, Illinois, which is adjacent to Davenport, for the operation of a garage and maintenance facility used by the transit programs of each entity. The City maintains a 12% interest in the venture with Rock Island County maintaining the remaining 88%. Funding of the maintenance operation is achieved through allocation of expenditures between the City and Rock Island County based upon usage.

Operations are reimbursed on a break-even basis, the City providing approximately 25% and Rock Island County providing 75% for the year. The City paid \$903,941 in maintenance fees during the year. The Group is accounted for on an equity basis as an investment in joint venture in the Transit Fund (Note 8). Financial statements of the Quad-City Garage Policy Group may be obtained from the entity's administrative office at 2929 5th Avenue, Rock Island, IL 61201.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of net assets presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories. *Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets. *Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2004 (CONTINUED)

provisions or enabling legislation. *Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, propriety funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Fund Accounting

The accounts of the City are organized on the basis of funds each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balances/net assets, revenues and expenditures or expenses, as appropriate. Major individual governmental and propriety funds are reported as separate columns in the fund financial statements. All remaining governmental and propriety funds are aggregated and reported as non-major governmental and propriety funds. The City has the following funds:

(1) Governmental Fund Types

Governmental fund types are those funds through which most governmental functions of the city are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the City's major governmental funds:

(a) General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required legally or by sound financial management to be accounted for in another fund.

(b) Local Option Sales Tax Fund

The Local Option Sales Tax Fund is a special revenue fund, which accounts for revenue received from a 1% sales tax, to be used for property tax relief and public improvements.

(c) General Debt Service Fund

The General Debt Service Fund is a debt service fund which accounts for the accumulation of resources for and the payment of principal and interest on general obligation long-term debt from governmental resources and principal and interest on special assessment debt with governmental commitment from special assessment levies. The City levies an annual property tax, which is unlimited by law, to finance the debt service requirements not abated by special assessments.

(d) Capital Projects Fund

The Capital Projects Fund is used to account for the resources used for the acquisition and construction of major capital facilities, except those financed by Proprietary Funds.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2004 (CONTINUED)

(2) Proprietary Fund Types

Proprietary fund types are used to account for the City's ongoing organizations and activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations.

Enterprise funds are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services, which are supported primarily by user charges. The following comprise the City's major enterprise funds:

- (a) **Parking System Fund** – Accounts for revenue and expenses associated with the City's parking system, which provides both on-street and off-street parking.
- (b) **Sewer Operations Fund** – Accounts for revenue and expenses of the system responsible for collecting and treating the wastewater of the Cities of Davenport, Bettendorf, Riverdale, and Panorama Park. Davenport accumulates the costs of operations, construction, and equipment replacement, and bills the other cities monthly for their portion of such costs based on an actual usage percentage calculated annually.
- (c) **RiverCenter Fund** – Accounts for rental income and expenses associated with the operation of a 57,000 square foot conference, convention and trade show facility and the Adler Theatre.

Internal service funds are used to finance and account for, employee insurance, risk management, and information management services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

(3) Fiduciary Fund Types

Fiduciary fund types are used to account for assets held by the City in a trustee capacity under a formal trust agreement or as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the City's fiduciary fund type:

(a) Agency Funds

Agency funds are custodial in nature (assets equal liabilities), and do not involve the measurement of results of operations. The agency funds function primarily as a clearing mechanism for cash resources, which are collected, held as such for brief period, and then disbursed to authorized recipients.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2004 (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeits, charges for services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of monies and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified. The current tax receivable represents the 2005 levy certified on March 15, 2004 based on the 2003 assessed valuations. As the levy is intended for use in the 2005 fiscal year, the revenue has been recorded as deferred revenue. Taxes are levied on July 1 and are payable in two installments on September 30 and March 31. Tax payments become delinquent on October 1 and April 1. The County Treasurer bills and collects property taxes for the City. Property taxes are considered available if received within 60 days of year-end.

The City is permitted by the Code of Iowa to levy taxes up to \$8.10 per \$1,000 of assessed valuation for General Fund purposes, \$.27 per \$1,000 of assessed valuation for an Emergency Fund to assist in the funding of General Fund activities, \$.95 per \$1,000 of assessed valuation for a mass transportation program and unlimited amounts for the payment of principal and interest on general obligation bonds, judgments awarded against the City, trust and agency accounts for pension and related employee benefits funds, and to pay the premium costs on tort liability insurance. The combined tax rate for the collection year ended June 30, 2004 was \$14.97 per \$1,000 of assessed valuation.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Operating expenses for enterprise funds and internal service funds include charges for services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2004 (CONTINUED)

E. Budgetary and Legal Appropriation and Amendment Policies

The Code of Iowa requires the adoption of an annual budget on or before March 15 of each year, which becomes effective July 1 and constitutes the appropriation for each program specified therein until amended. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the function level for budgeted funds in total. There is no State requirement to adopt budgets for individual funds. However, the City Council action to legally enact the budget goes beyond the State requirement and includes budgets for the individual funds. Appropriations adopted and amended lapse at the end of the fiscal year.

After the initial annual budget is adopted by the City Council, it may be amended for specific purposes. Budget amendments must be prepared and adopted in the same manner as the original budget. The Finance Director is authorized to transfer budgeted amounts between departments of any fund.

The City's governmental fund types are budgeted on a modified accrual basis of accounting in conformance with the accounting principles generally accepted in the United States of America (GAAP). Proprietary fund types are budgeted on a full accrual basis, except bond proceeds, which are budgeted on a modified accrual basis, and depreciation and incurred but not reported insurance claims, which are not budgeted.

The following table, which includes the legally adopted budget of all General, Special Revenue, Debt Service, Capital Projects, Enterprise and Internal Service Funds, demonstrates legal compliance:

Function	Original Appropriation	Final Appropriation	Expenditures	Positive Variance
Public Safety	\$ 19,891,203	\$ 30,234,577	\$ 29,401,354	\$ 833,223
Public Works	23,190,873	15,776,075	13,773,658	2,002,417
Culture & Recreation	7,114,019	7,458,005	7,383,848	74,157
Community and Economic Development	9,365,591	14,111,132	10,385,391	3,725,741
General Government	7,469,359	7,552,153	6,778,995	773,158
Debt Service	16,489,336	26,586,410	26,439,686	146,724
Capital Projects	39,776,000	85,920,715	44,351,327	41,569,388
Business Type	44,142,531	41,137,806	34,803,326	6,334,480
Total	\$ 167,438,912	\$ 228,776,873	\$ 173,317,585	\$ 55,459,288

F. Encumbrances

Appropriations in the governmental funds are charged for encumbrances when commitments are made. Fund balances are reserved for outstanding encumbrances. The subsequent year's appropriation provides authority to complete these transactions as expenditures.

G. Cash and Pooled Cash Investments

Except where otherwise required, the City maintains all deposits in a bank account in the name of the City. Cash resources have been pooled in order to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements. Fund cash deficits, which represent current loans between funds, have been reported as interfund loans receivable/payable.

H. Investments

Investments are stated at fair value or amortized cost.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2004 (CONTINUED)

I. Statement of Cash Flows

For the purpose of the statement of cash flows, the City considers all liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

J. Restricted Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. If the use of monies received is limited by City ordinance and/or contract provisions, they are reported as restricted assets. Also, liabilities which are payable from restricted assets are reported as such. The following assets are reported as restricted at June 30, 2004: unexpended general obligation bond proceeds and other funds restricted to capital outlay of \$6,197,380 and deposits of \$415,166 in the Sewer Enterprise Fund, security deposits and unexpended general obligation bond proceeds of \$138,025 in the Public Housing Fund, other funds restricted for capital outlay of \$258,133 in the Golf Courses Enterprise Fund and loan escrow payments of \$50,291 in the Community Development Act Special Revenue Fund.

K. Capital Assets

Capital assets, including land, buildings, improvements, infrastructure, and equipment assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statement. Generally, capital assets purchased in excess of \$5,000 are capitalized if they have an expected useful life of one year or greater. Assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value on the date donated.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method of depreciation over the following estimated useful lives:

Buildings	40 years
Improvements	10-20 years
Equipment and vehicles	3-15 years
Sanitary sewers	40 years
Paving	10-30 years
Storm sewers	30 years
Traffic signals	20-40 years

The City's collection of works of art, library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to a City policy that requires proceeds from sale of these items to be used to acquire other collection items.

L. Deferred Revenue

Deferred revenue in the governmental funds represent amounts due, which are measurable, but not available. Deferred revenue consists of unspent grant proceeds, as well as delinquent property tax receivable and other receivables not collected within 60 days after year end.

M. Interfund Transactions

Interfund transactions that would be treated as revenue and expenditures or expenses if they involved organizations external to the City are similarly treated when involving other funds of the City. Major transactions that fall into this category include payments to the Sewer Fund for fees and payments to the Internal Service Funds for costs of the City's insurance programs and data processing system.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2004 (CONTINUED)

Transfers from funds receiving revenue to funds through which the resources are to be expended and operating loss subsidies are classified as transfers. Major transactions that fall into this category include transfers from the Local Option Sales Tax Fund to the General Debt Service Fund and the Capital Projects Fund and a transfer from the General Fund to subsidize the operating loss of the RiverCenter Enterprise Fund.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "interfund loans/receivables." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

N. Compensated Absences

City employees earn vacation and sick leave based upon union contracts or City policy on an annual basis and are credited with vacation and sick leave hours each payroll period. Vacation leave is fully vested when earned. In general, except for Police and Fire personnel, 75% of accumulated sick leave in excess of 720 hours earned prior to July 1, 1987 is vested using the employees' hourly rate at July 1, 1987. For Police and Fire personnel hired before July 1, 1988, 75% of accumulated sick leave earned in excess of 720 hours is vested using the employees' hourly rate at the time of termination. Employees are offered the option of accumulating overtime hours to be taken as compensatory time off rather than being paid for them on a current basis; any amounts unused at time of termination are also paid.

For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, a liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

O. Fund Equity

In the governmental fund financial statements, reservations of fund balance represent amounts, which are legally restricted to a specific future use or not available for appropriation. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Q. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 (CONTINUED)**

R. Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

2. INDIVIDUAL FUND DISCLOSURES

The following RiverCenter Enterprise Fund has a \$55,496 deficit unrestricted net asset balance as of June 30, 2004. The deficit in the RiverCenter Fund is due to the depreciation of assets contributed by the City. The Risk Management internal service fund has a deficit unrestricted net asset balance of \$317,868.

3. DEPOSITS AND INVESTMENTS

A. Deposits

Chapter 12C of the Code of Iowa requires that all City funds be deposited into an approved depository and either insured or collateralized. At year-end, the carrying amount of the City's deposits was \$54,722,511, and the bank balances were \$57,112,910. Of the bank balances, \$500,000 was covered by federal depository insurance and \$56,612,910 was insured by the State through pooled collateral, State sinking funds, and the State's ability to assess for lost funds.

B. Investments

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's investments are categorized to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by a qualifying financial institution's trust departments or agent in the City's name, where the financial institution acts as the City's counter party. Category 3 includes uninsured and unregistered investments for which the securities are held by a broker or dealer or by its agent, or by a qualifying financial institution's trust departments or agent, but not in the City's name. All investments were in Category 1 as of June 30, 2004.

	<u>CATEGORY</u>			<u>FAIR VALUE</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Government and Agency Securities	<u>\$ 14,340,356</u>	<u>\$ -</u>	<u>\$ -</u>	\$14,340,356
Investments not subject to categorization:				
Iowa Public Agency Investment Trust				<u>1,044,625</u>
Total Investments				<u>\$15,384,981</u>

The City's investment in the Iowa Public Agency Investment Trust are valued at amortized cost of \$1,044,625 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

CITY OF DAVENPORT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 (CONTINUED)****4. FUND TRANSFER RECONCILIATION**

The following is a schedule of operating transfers in and out as included in the financial statements of the City (numbers expressed in thousands):

	Transfer in:					Total transfer
	General Fund	General Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	RiverCenter Fund	
Transfer out:						
General Fund	-	-	\$ 447	-	\$ 897	\$ 1,344
Local Option Sales Tax Fund	-	\$ 7,736	2,366	-	-	10,102
Non-major Governmental Funds	\$375	-	590	-	-	965
Parking System Fund	360	100	-	-	-	460
Non-major Enterprise Funds	-	-	-	\$54	-	54
Total Transfer	\$ 735	\$ 7,836	\$ 3,403	\$ 54	\$ 897	\$ 12,925

Transfers are used to move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 (CONTINUED)**

5. CHANGES IN CAPITAL ASSETS

	BEGINNING BALANCE 06/30/03 (Restated)	ADDITIONS	DELETIONS	ENDING BALANCE 06/30/04
GOVERNMENTAL ACTIVITIES				
Capital assets, not being depreciated:				
Land	\$ 15,294,899	\$ 328,390	\$ -	\$ 15,623,289
Construction in progress	7,327,888	30,211,225	(31,818,053)	5,721,060
Total capital assets, not being depreciated	<u>22,622,787</u>	<u>30,539,615</u>	<u>(31,818,053)</u>	<u>21,344,349</u>
Capital assets, being depreciated				
Buildings	41,943,668	13,479,215	(177,678)	55,245,205
Improvements other than buildings	6,356,531	2,457,439	-	8,813,970
Equipment and vehicles	27,314,892	1,337,803	(1,419,383)	27,233,312
Bridges	4,105,216	57,812	-	4,163,028
Traffic signals	6,328,000	211,642	(40,000)	6,499,642
Storm sewers	14,681,886	844,492	-	15,526,378
Paving	90,091,300	14,312,321	-	104,403,621
Total capital assets, being depreciated	<u>190,821,493</u>	<u>32,700,724</u>	<u>(1,637,061)</u>	<u>221,885,156</u>
Less accumulated depreciation for:				
Buildings	14,105,965	1,418,635	(177,678)	15,346,922
Improvements other than buildings	2,360,150	459,281	-	2,819,431
Equipment and vehicles	19,064,123	2,202,567	(1,391,184)	19,875,506
Bridges	1,316,163	104,985	-	1,421,148
Traffic signals	3,431,927	253,508	(34,399)	3,651,036
Storm sewers	4,058,460	492,818	-	4,551,278
Paving	20,482,323	3,315,903	-	23,798,226
Total accumulated depreciation	<u>64,819,111</u>	<u>8,247,697</u>	<u>(1,603,261)</u>	<u>71,463,547</u>
Total capital assets, being depreciated, net	<u>126,002,382</u>	<u>24,453,027</u>	<u>(33,800)</u>	<u>150,421,609</u>
Governmental activities capital assets, net	<u>\$ 148,625,169</u>	<u>\$ 54,992,642</u>	<u>\$ (31,851,853)</u>	<u>\$ 171,765,958</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated:				
Land	\$ 10,219,062	\$ 1,093,351	\$ (304,321)	\$ 11,008,092
Construction in progress	15,996,551	2,887,975	(8,780,414)	10,104,112
Total capital assets, not being depreciated	<u>26,215,613</u>	<u>3,981,326</u>	<u>(9,084,735)</u>	<u>21,112,204</u>
Capital assets, being depreciated:				
Buildings	84,213,269	1,827,378	-	86,040,647
Improvements other than buildings	6,923,746	201,767	-	7,125,513
Equipment and vehicles	18,989,958	3,703,081	(1,968,571)	20,724,468
Sanitary sewer	44,988,343	5,783,596	-	50,771,939
Paving	-	19,560	-	19,560
Total capital assets, being depreciated	<u>155,115,316</u>	<u>11,535,382</u>	<u>(1,968,571)</u>	<u>164,682,127</u>
Less accumulated depreciation for:				
Buildings	25,466,491	2,218,606	-	27,685,097
Improvements other than buildings	3,815,867	313,872	-	4,129,739
Equipment and vehicles	12,259,259	1,198,940	(1,968,571)	11,489,628
Sanitary sewer	21,592,319	1,116,019	-	22,708,338
Total accumulated depreciation	<u>63,133,936</u>	<u>4,847,437</u>	<u>(1,968,571)</u>	<u>66,012,802</u>
Total capital assets, being depreciated, net	<u>91,981,380</u>	<u>6,687,945</u>	<u>-</u>	<u>98,669,325</u>
Business-type activities capital assets, net	<u>\$ 118,196,993</u>	<u>\$ 10,669,271</u>	<u>\$ (9,084,735)</u>	<u>\$ 119,781,529</u>

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS **JUNE 30, 2004 (CONTINUED)**

Depreciation expense was charged to the functions as follows:

Governmental activities:

General government	\$ 377,596
Community and economic development	51,365
Public works	5,520,605
Public safety	791,677
Culture and recreation	1,371,107
Internal service assets are charged to the various functions based on their usage of the assets	135,347
Total depreciation expense - governmental activities	<u>\$ 8,247,697</u>

Business-type activities:

Parking system	\$ 658,739
Sewer operations	2,620,512
RiverCenter	574,405
Public transit	382,658
Public housing	178,248
Golf courses	181,514
Airport	227,311
Curbside recycling	24,050
Total depreciation expense - business-type activities	<u>\$ 4,847,347</u>

The government has active construction projects as of June 30, 2004. The projects include street construction and improvements, sanitary sewer and water pollution control plant improvements, downtown development, and improvements to government buildings. At the year end the government's commitments with contractors are as follows:

<u>Projects</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Streets/Improvements	\$ 9,790,578	\$ 4,114,374
Sanitary Sewer/WPCP	1,788,418	608,092
Downtown Development	11,289,191	5,465,479
General Building Improvements	2,195,828	124,097
Total	<u>\$ 25,064,015</u>	<u>\$ 10,312,042</u>

The streets and improvements are being financed with state and federal grants along with general obligation bonds, local option sales tax, and road use tax. The sanitary sewers and water pollution control plant improvements are being funded by general obligation bonds being serviced by the Sewer Operations Fund. Downtown development projects are funded by state grants, private contributions and general obligation bonds. The building improvement projects are financed by general obligation bonds with a portion being serviced by the Public Housing Fund and from state and federal grants, and local option sales tax.

6. EMPLOYEE RETIREMENT SYSTEMS

The City participates in two statewide retirement plans. The Iowa Public Employees Retirement System (IPERS) covers all employees (excluding firefighters and sworn police officers) earning in excess of \$300 per quarter. The Municipal Fire and Police Retirement System of Iowa covers firefighters and sworn police officers.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2004 (CONTINUED)

The City also makes contributions to specific employee groups' Section 457 deferred compensation plans as described in Section C following.

A. Iowa Public Employees Retirement System

The City of Davenport contributes to IPERS which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.7% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$1,353,081, \$1,328,368 and \$1,294,195 respectively, equal to the required contributions for each year.

B. Municipal Fire and Police Retirement System of Iowa

The City of Davenport contributes to MFPRSI which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees. The plan provides retirement, disability and death benefits, which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104th Street, Urbandale, Iowa 50322.

MFPRSI Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate may not be less than 17.00% of earnable compensation for the years ended June 30, 2004, 2003 and 2002. Contribution requirements are established by State statute. The City's contributions to the plan for the years ended June 30, 2004, 2003 and 2002 were \$3,114,083, \$2,527,752 and \$2,448,263 respectively, which met the required contributions for each year.

C. 457 Deferred Compensation Contributions

The City of Davenport contributes 2 to 4% matches to Police and Fire, Teamsters, Non-bargaining Management and department director's 457 deferred compensation plans. The City's contributions for the years ended June 30, 2004, 2003 and 2002 were \$789,183, \$376,449 and \$135,059 respectively.

7. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2004, interfund receivables and payables are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Non-major Governmental Funds	\$ 529,239
	RiverCenter	58,962
General Debt Service	Local Option Sales Tax	1,465,168
Capital Projects	Non-major Governmental Funds	31,822
	Local Option Sales Tax	43,753
	General	68,925
	Non-major Enterprise Funds	39,103
		<u>\$ 2,236,972</u>

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS **JUNE 30, 2004 (CONTINUED)**

Interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

8. JOINT VENTURE

The City of Davenport, Iowa and the Board of Trustees of the Rock Island County Metropolitan Mass Transit District (MetroLink), Illinois entered into an agreement in July 1979, which was amended in June 1982, which designates the Quad-City Garage Policy Group (QCGPG) to oversee and operate a joint maintenance and storage facility for transit vehicles and related equipment owned and/or operated by the two parties. Davenport's authority to enter this agreement arises from powers granted by Chapter 28E of the Code of Iowa.

The City of Davenport and MetroLink have jointly constructed a maintenance facility. The City contributed \$542,196 and the MetroLink contributed \$362,523. The remainder of the funding was provided by grants from the Federal Transit Administration and the State of Illinois in the amount of \$5,495,205. The maintenance facility is recorded as an asset of MetroLink, and not by the QCGPG.

The QCGPG consists of six (6) members, three (3) each representing the City of Davenport and MetroLink. Two members and an alternate are appointed by the Mayor of Davenport, subject to the approval of the Davenport City Council. Two members and alternate are appointed by the Chairman of the MetroLink Board of Trustees, subject to the approval of the Board of Trustees of the MetroLink. Officers are chosen from the above six (6) members, and there are two voting members each representing the City of Davenport and MetroLink. The facility supervisor, appointed by the parties, prepares an annual budget, which is presented to the parties, or to the QCGPG for their approval. Expenses incurred by the QCGPG are allocated either (a) on the basis of ownership of the facility, or (b) on the basis of the number of buses that the respective parties have in service.

A summary of the latest available financial information for the QCGPG as of June 30, 2004, and for the year then ended is as follows:

Total assets	<u>\$489,862</u>
Total liabilities	<u>\$254,376</u>
Total equity	<u>\$235,486</u>
Total revenue	\$3,132,521
Total expenses	<u>3,367,714</u>
Net change in fund equity	<u>(\$235,193)</u>

The City uses the equity method of accounting for this investment. At June 30, 2004, this amounted to \$469,716, which includes the City's share of both the maintenance facility and the fund equity of the QCGPG.

Additional information concerning the QCGPG is available in its separately issued annual report, which may be obtained from the entity's administrative office 2929 5th Avenue, Rock Island, IL 61201.

CITY OF DAVENPORT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 (CONTINUED)****9. LONG-TERM DEBT**

The following is a summary of changes in long-term debt, net of the deferred portion of issuance costs, for the year ended June 30, 2004 (numbers shown in thousands):

Governmental Activities:	Balance July 1, 2003	Additions	Retirements	Balance June 30, 2004	Due Within One Year
Bonds Payable:					
General Obligation Bonds	\$ 76,318	\$ 38,812	\$ (21,281)	\$ 93,849	\$ 9,736
Special Assessment Debt	999	33	(150)	882	-
Less deferred costs:					
issuance-discounts	(48)	(292)	25	(315)	-
refundings	-	(642)	49	(593)	-
Total Bonds Payable	77,269	37,911	(21,357)	93,823	9,736
Compensated Absences	6,290	6,112	(6,585)	5,817	4,940
Loans Payable	629	-	(283)	346	115
Loans Payable-Other Govts	74	-	(13)	61	13
Note Payable	714	-	(94)	620	103
	\$ 84,976	\$ 44,023	\$ (28,332)	\$ 100,667	\$ 14,907
Business-type Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 25,648	\$ 2,433	\$ (2,971)	\$ 25,110	\$ -
Less deferred costs:					
issuance-discounts	(346)	(73)	69	(350)	-
Total Bonds Payable	25,302	2,360	(2,902)	24,760	2,179
Compensated Absences	457	460	(420)	497	422
	\$ 25,759	\$ 2,820	\$ (3,322)	\$ 25,257	\$ 2,601

The City is obligated for the Special Assessment Debt with governmental commitment debt service payments.

Internal service funds predominantly serve governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$47,113 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the fund incurring the expense.

CITY OF DAVENPORT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 (CONTINUED)**

General obligation bonds payable (balance outstanding in thousands of dollars) at June 30, 2004, is comprised of the following individual issues:

A.	Matured bonds not presented for payment.	\$ 30
B.	\$7,745,000 1996 Refunding of 1988 Parks, Streets, Sewers and Public Improvements; advance refunding of 1989 Streets, Sewers, Parks and Public Buildings; and advance refunding of 1990 Economic Development serial bonds due in annual installments of \$50,000 to \$1,095,000 through June 1, 2010; interest at 4.2 to 5.4 percent (\$890,000, \$2,190,000, and \$205,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund, the Sewer Enterprise Fund, and the Golf Courses Enterprise Fund, respectively).	495
C.	\$15,570,000 1996 Building, Streets, Sewers, Equipment and Economic Development serial bonds due in annual installments of \$300,000 to \$980,000 through June 1, 2016; interest at 5.0 to 5.3 percent (\$860,000 and \$270,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and the Sewer Enterprise Fund, respectively).	830
D.	\$7,325,000 1997 Streets, Sewers, Buildings and Parks serial bonds due in annual installments of \$120,000 to \$545,000 through June 1, 2017; interest at 4.8 to 4.9 percent (\$1,775,000 and \$240,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and the Sewer Enterprise Fund, respectively).	4,385
E.	\$2,155,000 1997 Economic Development serial bonds due in annual installments of \$10,000 to \$155,000 through June 1, 2017; interest at 6.8 to 7.2 percent (\$2,155,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and the Sewer Enterprise Fund, respectively).	1,565
F.	\$14,590,000 1998 advance refunding of 1991 Streets, Sewers, Buildings and Equipment; advance refunding of 1992 Parking Ramp, Streets, Sewers and Equipment due in annual installments of \$120,000 to \$1,810,000 through June 1, 2012; interest at 4.4 to 5.0 percent (\$1,045,000 and \$2,870,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and Sewer Enterprise fund, respectively).	8,375
G.	\$5,250,000 1998 advance refunding of 1988 Urban Renewal, Airport and Stadium; advance refunding of 1989 Stadium and Urban Renewal; advance refunding of 1990 Economic Development due in annual installments of \$185,000 to \$800,000 through June 1, 2010; interest at 6.1 to 6.2 percent (\$3,950,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund).	1,290
H.	\$6,795,000 1998 Streets, Sewers, Buildings, Parks and Equipment serial bonds due in annual installments of \$370,000 to \$525,000 through June 1, 2013; interest at 4.4 to 4.9 percent (\$340,000 and \$570,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and Sewer Enterprise Fund, respectively).	4,030
I.	\$7,485,000 1999 Streets, Sewers, Buildings, Housing and Equipment serial bonds due in annual installments of \$390,000 to \$620,000 through June 1, 2014; interest at 4.5 to 4.9 percent (\$380,000, \$1,645,000 and \$1,120,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund, Sewer Enterprise Fund and Public Housing Enterprise Fund, respectively).	4,585

CITY OF DAVENPORT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 (CONTINUED)**

J.	\$8,620,000 2000 Streets, Sewers, Buildings, Equipment and Economic Development serial bonds due in annual installments of \$475,000 to \$1,850,000 through June 1, 2015; interest at 4.4 to 5.1 percent (\$425,000 and \$1,850,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and Sewer Enterprise Fund, respectively).	6,300
K.	\$1,100,000 2000 Economic Development serial bonds due in annual installments of \$105,000 to \$175,000 through June 1, 2010; interest at 6.9 to 7.0 percent (\$1,110,000 of principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund).	880
L.	\$11,720,000 2001 Refunding of 1993 Economic Development, Sewers, Buildings, Equipment and Public Improvements serial bonds due in annual installments of \$1,595,000 to \$1,730,000 through June 1, 2008; interest at 4.0 to 4.5 percent (\$1,290,000 and 2,700,000 of principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and Sewer Enterprise Fund, respectively).	6,805
M.	\$19,540,000 2001 Streets, Signals, Parks, Equipment, Golf and Parking serial bonds due in annual installments of \$645,000 to \$1,375,000 through June 1, 2021; interest at 3.0 to 5.0 percent (\$615,000, \$971,737, \$3,391,013 and \$4,957,250 in principal and interest thereon are being serviced by the Golf Courses Enterprise Fund, Municipal Districts Special Revenue Fund, Tax Increment Financing Districts Debt Service Fund and Parking Enterprise Fund, respectively).	17,110
N.	\$5,195,000 2001 Parking serial bonds due in annual installments of \$45,000 to \$470,000 through June 1, 2021; interest at 6.3 to 6.7 percent (\$5,195,000 in principal and interest hereon is being serviced by the Parking Enterprise Fund).	5,075
O.	\$4,415,000 2001 Refunding of 1994A Economic Development, Sewers, Equipment and Public Improvements serial bonds due in annual installments of \$565,000 to \$705,000 through June 1, 2009; interest at 3.5 to 4.2 percent (\$1,285,000 and \$830,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund and the Municipal Improvement Districts Special Revenue Funds, respectively).	3,260
P.	\$2,755,000 2001 Refunding of 1994B Economic Development serial bonds due in annual installments of \$10,000 to \$365,000 through June 1, 2014; interest at 4.0 to 6.0 percent (\$2,179,940 and \$170,018 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund and the Levee Improvement Commission Special Revenue Fund, respectively).	2,040
Q.	\$15,490,000 2002 Streets, Buildings, Parks, Equipment and Sewers serial bonds due in annual installments of \$830,000 to \$1,260,000 through June 1, 2017; interest at 3.0 to 4.4 percent (\$5,350,000 in principal and interest thereon is being serviced by the Sewer Enterprise Fund).	13,160
R.	\$12,160,000 2003 Stadium serial bonds due in annual installments of \$390,000 to \$1,140,000 through June 1, 2018; interest at 2.0 to 5.2 percent.	11,050
S.	\$9,390,000 2003 Streets, Sewers, Golf, and Equipment serial bonds due in annual installments of \$235,000 to \$1,315,000 through June 1, 2018 at 2.5 to 4.1 percent (\$735,000 and \$330,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund and the Golf Courses Enterprise Fund, respectively).	8,930

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2004 (CONTINUED)

T.	\$2,325,000 2003 advance refunding of 1995 Streets, Sewers, Buildings and Equipment serial bonds due in annual installments of \$10,000 to \$410,000 through June 1, 2010 at 2.0 to 3.0 percent (\$534,750 in principal and interest thereon is being serviced by the Sewer Enterprise Fund).	2,315
U.	\$9,685,000 2003 advance refunding of 1996 Building, Streets, Sewers and Equipment serial bonds due in annual installments of \$40,000 to \$1,015,000 through June 1, 2016 at 2.0 to 4.0 percent (\$130,000 and \$138,250 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund and the Sewer Enterprise Fund, respectively).	9,645
V.	\$3,150,000 2004 Economic Development serial bonds due in annual installments of \$130,000 to \$265,000 through June 1, 2023 at 4.5 to 5.1 percent (\$3,150,000 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund).	3,150
W.	\$4,535,000 2004 Streets, Sewers and River Renaissance serial bonds due in annual installments of \$195,000 to \$400,000 through June 1, 2019 at 2.0 to 4.0 percent (\$695,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund).	<u>4,535</u>
	Total general obligation bonds	119,840
	General obligation bonds serviced by Enterprise Funds	(25,109)
	Matured bonds	(30)
	General obligation bonds reported in Governmental Activities	<u>\$ 94,701</u>

On August 1, 1990, pursuant to Section 384.14A of the Code of Iowa, the City issued a non-interest bearing general obligation tax increment note in the amount of \$2,880,000 to Nichols-Homeshield, Inc. in support of an economic development grant. Terms of the note call for repayment at the rate of \$160,000 on September 1 in each of the years 1991-2008, inclusive. As provided in the note agreement, Nichols-Homeshield, Inc. requested immediate payment of the first four installments. The remaining fourteen payments totaling \$2,240,000 have been discounted at a rate of 9.15%, the rate paid by the City for similar obligations on the date of issuance. At June 30, 2004, the discount amounted to \$180,070, resulting in a discounted amount owing of \$619,930.

The City entered into an agreement with Lee Enterprises, Inc. (Lee) whereby any shortfall between debt service payments related to Tax Increment Financing (TIF) debt issued for the purpose of acquiring, improving and conveying certain property, will be paid by Lee. The payments would be an interest-free loan to the City, and would be reimbursed to Lee as soon as tax incremental revenue exceeds the debt service payments. The total amount advanced by Lee to the City under this agreement totaled \$629,342. At June 30, 2004, the balance owed under this agreement amounted to \$345,799.

On November 19, 2003, the City issued \$12,010,000 of General Obligation Bonds which was used to finance the refunding of \$11,345,000 of outstanding August 1995 and August 1996 General Obligation Bonds. The refunding was undertaken to reduce interest rates from 5.3% to 2.5%-3.4%. The proceeds of the new bonds have been placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2004, refunded bonds totaling \$830,000 remain outstanding and are considered defeased. The transaction resulted in an economic gain of \$688,102 and a reduction of \$811,654 in future debt service payments.

The Iowa Finance Authority (IFA) has granted the City an interest-free loan in the amount of \$200,000 for the purpose of making housing rehabilitation loans to individuals. The IFA loan is being repaid over a fifteen-year period ending in 2008, utilizing repayments generated by the individual loans. At June 30, 2004, the balance owed under this note amounted to \$60,000.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2004 (CONTINUED)

The City of Davenport's Capital Improvement Program has been funded in part from general obligation bonds which are intended to be abated by user fees, special assessment collections, municipal improvement district taxes, and levee rents. The debt to be abated by user fees is accounted for in the Enterprise Funds in the amount of \$25,109,000. Debt abated by special assessment collections is accounted for in the governmental activities as Special Assessment Debt with Governmental Commitment in the amount of \$1,522,000. The debt to be abated by municipal improvement district taxes and levee rents is accounted for in the governmental activities in the amounts of \$1,531,900 and \$130,000 respectively. These abated bonds, including interest thereon, are included in the above schedule and represent a contingent liability against the City's full faith and credit. The general credit of the City is obligated only to the extent that user fees, special assessment collections or liens foreclosed against properties involved in the special assessment projects, municipal improvement district taxes, and levee rents are insufficient to retire outstanding bonds.

In order to limit the liability of taxpayers, the State Constitution of Iowa imposes a limit on the amount of debt local governments may incur. Davenport's debt limitation is five (5) percent of its gross assessed valuation. This limitation applies to general obligation indebtedness and Tax Increment Financing agreements entered in to rebate taxes paid over time. At June 30, 2004, the statutory limit for the City was \$211,734,034, providing a debt margin of \$82,173,960.

Since 1976, the City has authorized the issuance of \$269,190,000 of industrial development revenue bonds under the provision of Chapter 419 of the Code of Iowa. There have not been any industrial development revenue bonds since 1993. The bonds and related interest are the sole responsibility of the issuers, and the bond principal and interest do not constitute liabilities of the City.

The annual requirements including interest (in thousands of dollars), to service long-term debt are as follows:

Year Ending June 30	Governmental Activities				Business-type Activities	
	General Obligation Bonds		Other Long Term Debt		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 9,706	\$ 4,328	\$ 266	\$ 57	\$ 2,179	\$ 916
2006	9,664	3,782	276	47	2,261	921
2007	9,432	3,376	183	37	1,998	876
2008	8,917	3,037	148	26	1,998	766
2009	7,742	2,636	153	13	1,489	721
2010-2014	32,217	8,389	-	-	6,978	2,805
2015-2019	15,696	1,990	-	-	6,113	1,490
2020-2023	1,327	157	-	-	2,093	179
Totals	94,701	27,695	1,026	180	25,109	8,674
Matured	30	4	-	-	-	-
Interest portion	-	(27,699)	-	(180)	-	(8,674)
	<u>\$ 94,731</u>	<u>\$ -</u>	<u>\$ 1,026</u>	<u>\$ -</u>	<u>\$ 25,109</u>	<u>\$ -</u>

10. RISK MANAGEMENT

The City is self-insured for the following types of risk exposures:

Health Benefits – The City has established an Employee Insurance Fund for insurance benefits provided to City employees and covered dependents, which is included in the Internal Service Fund type. Health benefits were self-insured up to a specific annual stop loss amount of \$150,000, and an aggregate annual stop loss amount of approximately \$8,000,000 for 2004. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount. All claims handling procedures are performed by an independent claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate; however, no allocated or unallocated claim adjustments have been included. No settlements exceeded insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage during the past year.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS **JUNE 30, 2004 (CONTINUED)**

General and Auto Liability, Property, and Workers' Compensation – The City has established a Risk Management Fund for self-insurance related to general and automobile liability, property, and workers' compensation claims which is included in the Internal Service Fund type. Self-insurance was in effect up to individual stop loss amounts per occurrence of \$500,000 for general and auto liability, \$100,000 for property and \$350,000 for workers' compensation for 2004. Coverage from private insurers is maintained for losses in excess of the individual stop loss amounts. All claims handling procedures are performed by an independent claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate; however, no allocated or unallocated claim adjustments have been included. No settlements exceeded insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage during the past year.

Changes in reported liabilities for the fiscal years ended June 30, 2003 and 2004 are summarized as follows:

	Employee Insurance Fund	Risk Management Fund	Total
Liabilities at July 1, 2002	\$ 720,733	\$ 1,866,494	\$ 2,587,227
Claims and changes in estimates during fiscal year 2003	8,096,028	3,042,123	11,138,151
Claim payments	<u>(7,887,737)</u>	<u>(1,929,878)</u>	<u>(9,817,615)</u>
Liabilities at June 30, 2003	929,024	2,978,739	3,907,763
Claims and changes in estimates during fiscal year 2004	7,913,747	1,846,666	9,760,413
Claim payments	<u>(7,794,104)</u>	<u>(1,802,375)</u>	<u>(9,596,479)</u>
Liabilities at June 30, 2004	<u>\$1,048,667</u>	<u>\$ 3,023,030</u>	<u>\$ 4,071,697</u>

11. CONTINGENCIES

A. Litigation

The City records liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. There are several lawsuits pending against the City for various reasons. Liability insurance covers many of the lawsuits for personal injury, property damage and civil rights violations presently pending against the City. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position.

B. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government.

Certain grant audits are currently in progress. Any disallowed claims, including amount already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although City management and counsel expect such amounts, if any, to be immaterial.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2004 (CONTINUED)

12. RESTATEMENT

The City restated beginning net assets due to a prior period adjustment to reflect the corrected amount of capitalized assets and depreciation:

Balance June 30, 2003	Restatement	Balance June 30, 2004
\$118,096,579	(\$2,097,820)	\$115,998,759

13. RECENTLY ISSUED PRONOUNCEMENTS

The Governmental Accounting Standard Board (GASB) has issued five statements not yet implemented by the City of Davenport. The statements, which might impact the City of Davenport, are as follows:

Statement No. 40, *Deposit and Investment Risk Disclosures* issued March 2003, will be effective for the City for the fiscal year ending June 30, 2005. This statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* issued November 2003, will be effective for the City for the fiscal year ending June 30, 2006. This statement establishes accounting and financial reporting standards for impairment of capital assets and also clarifies and establishes accounting requirements for insurance recoveries.

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* issued April 2004, will be effective for the City for the fiscal year ending June 30, 2008. This statement establishes uniform financial reporting standards for other postemployment benefit (OPEB) plans and supersedes the interim guidance included in statement No.26. This statement affects reporting by administrators or trustees of OPEB plan assets or by employers or sponsors that include OPEB plan assets as trust or agency funds in their financial reports.

Statement No. 44, *Economic Condition Reporting: The Statistical Section* issued May 2004, will be effective for the City for the fiscal year ending June 30, 2006. This statement amends previous guidance regarding preparation of the statistical section for governments that issue a comprehensive annual financial report.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* issued June 2004, will be effective for the City for the fiscal year ending June 30, 2009. This statement establishes standards for the measurement, recognition, and display of (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employees.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

14. SUBSEQUENT EVENTS

On November 30, 2004 the City issued \$11,690,000 of General Obligation Bonds to finance improvements to streets, Buildings, sanitary sewers, airport improvements, an economic development grant, and the acquisition and installation of equipment. The bonds bear interest rates ranging from 3.2% to 4.25% and mature in varying amounts from \$680,000 to \$900,000 with the final payment date due in fiscal year ending June 30, 2019. Funding sources to retire this issue will be Sewer Enterprise Fund revenue, \$1,130,000, Airport Enterprise Fund revenue \$205,000, Tax Increment Financing revenue of \$255,000 and general property taxes \$10,100,000.

COMBINING STATEMENTS, AND SCHEDULES

Non-Major Governmental Funds

Road Use Tax Fund – Accounts for the revenue received from the State of Iowa Road Use Tax Fund, which is collected from motor vehicle registration, fuel tax and use tax, and related expenditures, which must relate to the construction, maintenance and supervision of public streets.

Community Development Act Fund – Accounts for expenditures relating to neighborhood improvements benefiting low and moderate income persons and economic development activities, which are reimbursed by the Federal Government under the Community Development Block Grant Program.

HUD Section 8 Fund -- Accounts for expenditures to landlords under a federally funded rent subsidy program.

Levee Improvement Commission Fund -- Accounts for the expenditure of rents received for the use of the Mississippi Riverfront property.

Municipal Improvement Districts Fund – Accounts for revenue generated by Self-supported Municipal Improvement Districts.

Revolving Loans Fund -- Accounts for various Community and Economic Development revolving loans.

Home Investment Partnership Fund – Accounts for expenditures related to the rehabilitation or new construction of rental units, and the rehabilitation of first time homebuyer owner/occupied residential units.

Law Enforcement Block Grant Fund – Accounts for the expenditure of a U.S. Department of Justice grant awarded for the purpose of reducing crime and improving public safety.

HUD Grants – Accounts for the expenditures of U.S. Department of Housing and Urban Development cooperative agreement awarded for the purpose of educating and promoting fair housing practices, expenditures of support funding for nonprofit providers of services to the homeless, and expenditures of Economic Development Initiatives-Special Projects Grant.

Environmental Protection Agency – Accounts for the expenditures of an Environmental Protection Agency grant for Brownfields.

Tax Increment Financing (TIF) Districts Debt Service Fund – Accounts for the accumulation of resources for and the payment of principal and interest on general obligation debt representing the financing source for the City's various tax increment financing districts. Property tax revenue generated on increased assessed valuation within the TIF Districts are the resources accounted for in this fund.

CITY OF DAVENPORT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2004**

ASSETS	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
Cash and investments	\$ 5,221,716	\$ 386,257	\$ 137,975	\$ 354,983	\$ 691,755
Receivables:					
Property taxes:					
Delinquent	-	-	-	-	10,577
Succeeding year	-	-	-	-	720,293
Accounts	-	-	305	21,246	-
Loans	-	1,658,419	-	2,550	-
Interest	-	4,111	-	1,484	3,538
Due from other governments	651,782	276,701	-	-	-
Prepays	1,981	-	-	518	-
Restricted assets-cash and investments	-	50,291	-	-	-
TOTAL ASSETS	\$ 5,875,479	\$ 2,375,779	\$ 138,280	\$ 380,781	\$ 1,426,163
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Wages payable	\$ 122,389	\$ 13,092	\$ 7,187	\$ 1,673	\$ -
Accounts payable	145,029	144,981	800	3,665	-
Payable from restricted assets	-	50,291	-	-	-
Interfund loans payable	31,822	-	-	-	-
Due to other governments	-	12,497	130,293	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	720,293
Other	-	1,658,419	-	14,225	2,244
Total Liabilities	299,240	1,879,280	138,280	19,563	722,537
FUND BALANCES:					
Reserved for encumbrances	122,230	-	-	515	-
Reserved for future projects	-	-	-	-	703,626
Reserved for loan applicants	-	496,499	-	-	-
Reserved for debt retirement	-	-	-	-	-
Unreserved:					
Designated for specific projects:					
Special revenue	659,209	-	-	20,188	-
Undesignated:					
Special revenue	4,794,800	-	-	340,515	-
Total Fund Balances	5,576,239	496,499	-	361,218	703,626
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,875,479	\$ 2,375,779	\$ 138,280	\$ 380,781	\$ 1,426,163

REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	LAW ENFORCEMENT BLOCK GRANT	HUD GRANTS	ENVIRONMENTAL PROTECTION AGENCY GRANT	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ 1,440,262	\$ -	\$ 307,915	\$ 105,375	\$ -	\$ 1,155,706	\$ 9,801,944
-	-	-	-	-	25,934	36,511
-	-	-	-	-	2,262,980	2,983,273
-	-	-	-	-	-	21,551
804,503	5,158,026	-	-	-	-	7,623,498
6,282	-	1,940	489	-	4,176	22,020
-	384,779	-	88,972	90,367	-	1,492,601
-	-	-	-	-	-	2,499
-	-	-	-	-	-	50,291
<u>\$ 2,251,047</u>	<u>\$ 5,542,805</u>	<u>\$ 309,855</u>	<u>\$ 194,836</u>	<u>\$ 90,367</u>	<u>\$ 3,448,796</u>	<u>\$ 22,034,188</u>
\$ -	\$ 1,844	\$ -	\$ 1,810	\$ -	\$ -	\$ 147,995
-	-	23,858	29,361	6,239	-	353,933
-	-	-	-	-	-	50,291
-	382,935	-	62,176	84,128	-	561,061
-	-	-	-	-	-	142,790
-	-	-	-	-	2,262,980	2,983,273
804,503	5,158,026	-	-	-	4,977	7,642,394
<u>804,503</u>	<u>5,542,805</u>	<u>23,858</u>	<u>93,347</u>	<u>90,367</u>	<u>2,267,957</u>	<u>11,881,737</u>
-	-	13,885	1,855	-	-	138,485
-	-	-	-	-	-	703,626
1,446,544	-	-	-	-	-	1,943,043
-	-	-	-	-	1,180,839	1,180,839
-	-	-	-	-	-	679,397
-	-	272,112	99,634	-	-	5,507,061
<u>1,446,544</u>	<u>-</u>	<u>285,997</u>	<u>101,489</u>	<u>-</u>	<u>1,180,839</u>	<u>10,152,451</u>
<u>\$ 2,251,047</u>	<u>\$ 5,542,805</u>	<u>\$ 309,855</u>	<u>\$ 194,836</u>	<u>\$ 90,367</u>	<u>\$ 3,448,796</u>	<u>\$ 22,034,188</u>

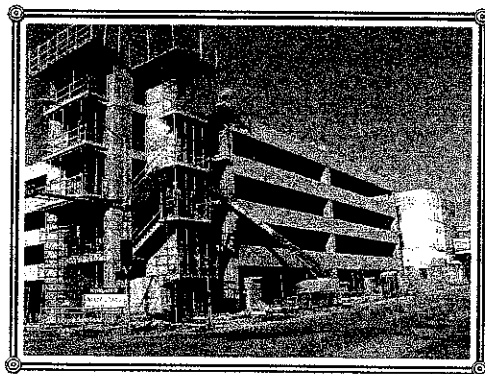
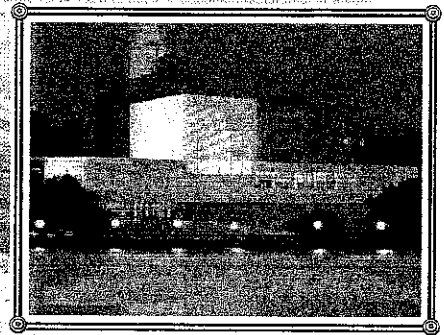
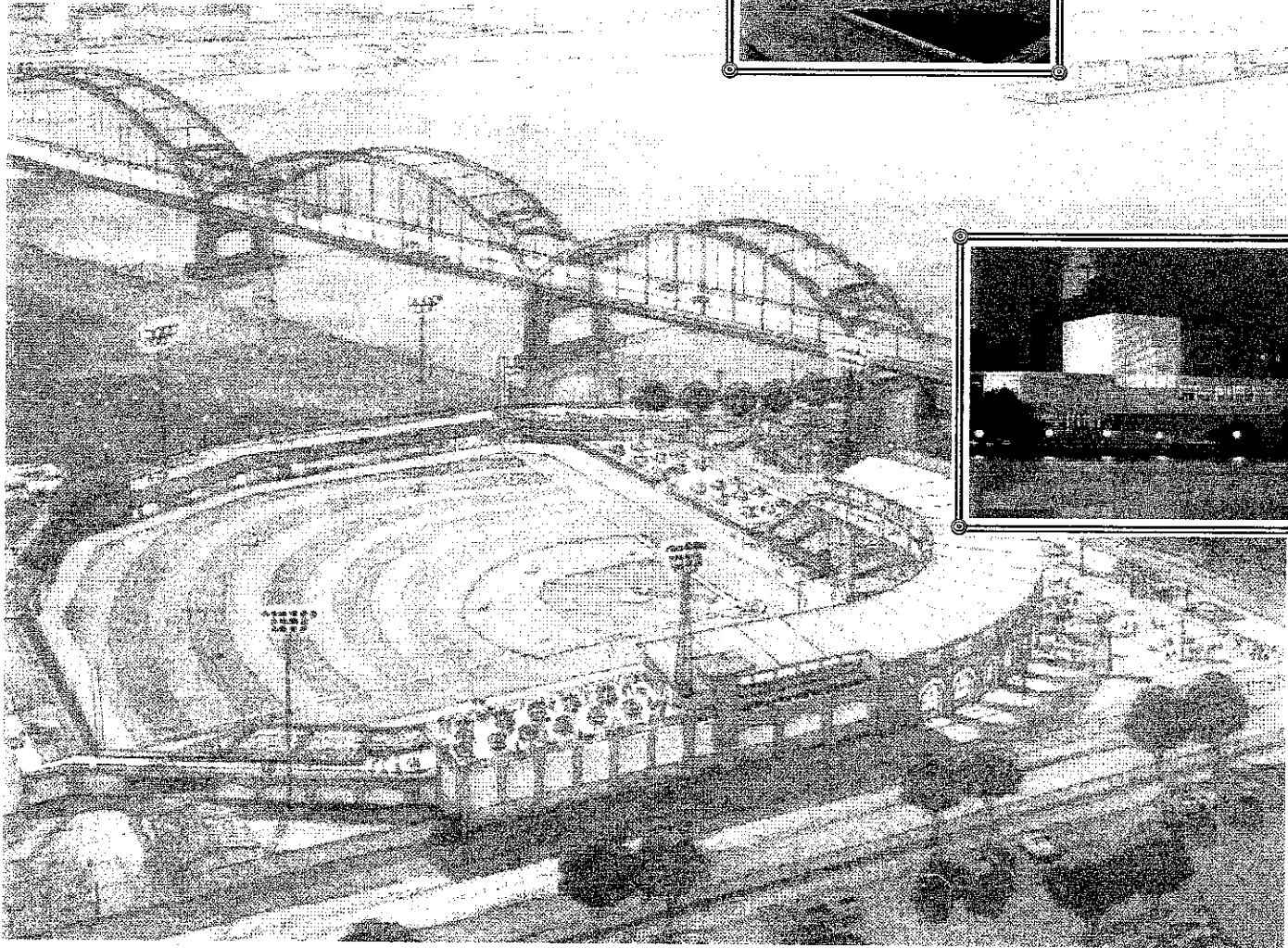
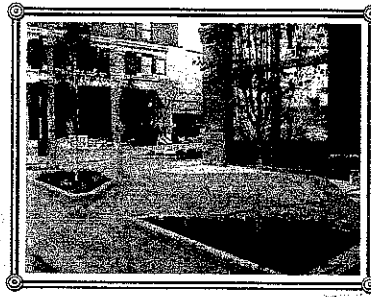
CITY OF DAVENPORT

NON-MAJOR GOVERNMENTAL FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2004**

	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 947,290
Intergovernmental	8,241,614	2,401,377	2,393,104	-	-
Use of monies and property	643	82,917	(1,198)	231,070	10,706
Fines and forfeits	-	-	-	-	-
Loan repayments	-	545,819	-	-	-
Other	3,842	34	531	25,214	-
Total Revenues	<u>8,246,099</u>	<u>3,030,147</u>	<u>2,392,437</u>	<u>256,284</u>	<u>957,996</u>
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Public works	7,166,214	-	-	-	-
Culture and recreation	-	-	-	44,025	-
Community and economic development	-	3,404,546	2,446,789	65,501	703,506
General government	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	20,002	136,538
Interest	-	-	-	7,926	79,937
Bond issuance costs	-	-	-	-	-
Total Expenditures	<u>7,166,214</u>	<u>3,404,546</u>	<u>2,446,789</u>	<u>137,454</u>	<u>919,981</u>
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	<u>1,079,885</u>	<u>(374,399)</u>	<u>(54,352)</u>	<u>118,830</u>	<u>38,015</u>
OTHER FINANCING SOURCES (USES):					
Bond issuance	-	-	-	-	-
Sale of capital assets	7,349	-	-	-	-
Transfers in	-	-	54,352	-	-
Transfers out	(544,611)	-	-	(15,000)	(6,030)
Refunding bond issuance	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(537,262)</u>	<u>-</u>	<u>54,352</u>	<u>(15,000)</u>	<u>(6,030)</u>
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>542,623</u>	<u>(374,399)</u>	<u>-</u>	<u>103,830</u>	<u>31,985</u>
FUND BALANCES - BEGINNING	<u>5,033,616</u>	<u>870,898</u>	<u>-</u>	<u>257,388</u>	<u>671,641</u>
FUND BALANCES - ENDING	<u>\$ 5,576,239</u>	<u>\$ 496,499</u>	<u>\$ -</u>	<u>\$ 361,218</u>	<u>\$ 703,626</u>

REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	LAW ENFORCEMENT BLOCK GRANT	HUD GRANTS	ENVIRONMENTAL PROTECTION AGENCY GRANT	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,403,889	\$ 3,351,179
-	1,167,690	244,781	441,798	155,814	20,634	15,066,812
32,562	63,536	5,870	1,489	-	23,146	450,741
-	-	27,198	-	-	-	27,198
244,703	185,695	-	-	-	-	976,217
-	-	-	-	-	387,901	417,522
<u>277,265</u>	<u>1,416,921</u>	<u>277,849</u>	<u>443,287</u>	<u>155,814</u>	<u>2,835,570</u>	<u>20,289,669</u>
-	-	347,404	-	-	-	347,404
-	-	-	-	-	-	7,166,214
-	-	3,060	-	-	-	47,085
81,403	1,416,921	-	338,298	155,814	33,789	8,646,567
-	-	-	102,890	-	-	102,890
13,333	-	-	-	-	2,210,917	2,380,790
-	-	-	-	-	886,231	974,094
-	-	-	-	-	1,615	1,615
<u>94,736</u>	<u>1,416,921</u>	<u>350,464</u>	<u>441,188</u>	<u>155,814</u>	<u>3,132,552</u>	<u>19,666,659</u>
182,529	-	(72,615)	2,099	-	(296,982)	623,010
-	-	-	-	-	250,000	250,000
-	-	-	-	-	-	7,349
-	-	-	-	-	-	54,352
-	-	-	-	-	(399,321)	(964,962)
-	-	-	-	-	130,000	130,000
-	-	-	-	-	(128,348)	(128,348)
-	-	-	-	-	(147,669)	(651,609)
182,529	-	(72,615)	2,099	-	(444,651)	(28,599)
<u>1,264,015</u>	<u>-</u>	<u>358,612</u>	<u>99,390</u>	<u>-</u>	<u>1,625,490</u>	<u>10,181,050</u>
<u>\$ 1,446,544</u>	<u>\$ -</u>	<u>\$ 285,997</u>	<u>\$ 101,489</u>	<u>\$ -</u>	<u>\$ 1,180,839</u>	<u>\$ 10,152,451</u>



Non-Major Enterprise Funds

Public Housing Fund – Accounts for revenue and expenses associated with the Heritage High-Rise housing facility for the elderly, handicapped and disabled and for the Public Housing units for the low-income families. A Federal Housing and Urban Development (HUD) subsidy provides support for the Heritage High-Rise.

Golf Course Fund – Accounts for revenue and expenses associated with operation of the City's four golf courses, Duck Creek, Emeis, Credit Island and Red Hawk.

Airport Fund – Accounts for revenue and expenses associated with operation of the Davenport Airport, a reliever airport for the Quad City Airport. Rental income is obtained from the leasing of surrounding farmland, as well as hangar spaces at the airport.

Public Transit Fund – Accounts for revenue and expenses associated with the City's fixed route transit system, demand response transit and the ground transportation terminal, known as the TransitCenter. Revenue is generated mainly from a transit property tax, federal and state operating and capital grants, user fees, and miscellaneous rentals at the TransitCenter.

Curbside Recycling Fund – Accounts for revenue and expenses associated with the collection of recycling materials.

CITY OF DAVENPORT
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2004

ASSETS	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
Current assets:			
Cash and cash equivalents	\$ 320,302	\$ -	\$ 235,409
Receivables:			
Property taxes:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	7,298	11,134	6,178
Interest	1,584	1,647	1,049
Due from other governments	12,769	-	-
Prepays	-	8,480	-
Restricted cash and cash equivalents	138,025	258,133	-
Total current assets	479,978	279,394	242,636
Noncurrent assets:			
Investment in joint venture	-	-	-
Capital assets:			
Land	526,071	1,272,122	749,356
Buildings	6,142,561	197,232	1,237,943
Improvements other than buildings	-	2,172,613	4,715,706
Equipment and vehicles	48,410	873,059	173,758
Paving	19,560	-	-
less accumulated depreciation	(3,564,645)	(1,930,715)	(4,060,246)
Construction in progress	969,758	682,054	765,542
Total noncurrent assets	4,141,715	3,266,365	3,582,059
Total assets	4,621,693	3,545,759	3,824,695
LIABILITIES			
LIABILITIES:			
Current liabilities:			
Wages payable	2,429	40,010	957
Accounts payable	16,444	83,307	2,550
Accrued interest payable	3,290	1,802	-
Compensated absences	4,852	38,516	65
Interfund loans payable	-	38,700	403
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	2,385	-	-
General obligation bonds - current	65,000	150,000	-
Total current liabilities	94,400	352,335	3,975
Current liabilities payable from restricted assets:			
Deposits payable	25,931	-	-
Noncurrent liabilities:			
Compensated absences	861	6,834	11
General obligation bonds - long term	747,465	466,787	-
Total noncurrent liabilities	748,326	473,621	11
Total liabilities	868,657	825,956	3,986
NET ASSETS			
Invested in capital assets, net of related debt	3,217,156	2,649,578	3,582,059
Unrestricted	535,880	70,225	238,650
Total net assets	\$ 3,753,036	\$ 2,719,803	\$ 3,820,709

ENTERPRISE FUNDS

PUBLIC TRANSIT	CURBSIDE RECYCLING	TOTAL NON-MAJOR ENTERPRISE FUNDS
\$ 65,926	\$ 482,082	\$ 1,103,719
46,994	-	46,994
2,773,604	-	2,773,604
2,486	726,262	753,358
-	1,696	5,976
103,765	-	116,534
50,000	-	58,480
-	-	396,158
<u>3,042,775</u>	<u>1,210,040</u>	<u>5,254,823</u>
469,716	-	469,716
1,599,288	-	4,146,837
3,821,297	-	11,399,033
-	-	6,888,319
4,704,350	586,125	6,385,702
-	-	19,560
(3,510,795)	(479,252)	(13,545,653)
82,663	-	2,500,017
<u>7,166,519</u>	<u>106,873</u>	<u>18,263,531</u>
<u>10,209,294</u>	<u>1,316,913</u>	<u>23,518,354</u>
54,380	19,715	117,491
71,435	55,636	229,372
-	-	5,092
53,528	57,289	154,250
-	-	39,103
2,773,604	-	2,773,604
12,290	-	14,675
-	-	215,000
<u>2,965,237</u>	<u>132,640</u>	<u>3,548,587</u>
-	-	25,931
9,498	10,165	27,369
-	-	1,214,252
<u>9,498</u>	<u>10,165</u>	<u>1,241,621</u>
<u>2,974,735</u>	<u>142,805</u>	<u>4,816,139</u>
6,696,803	106,873	16,252,469
537,756	1,067,235	2,449,746
<u>\$7,234,559</u>	<u>\$ 1,174,108</u>	<u>\$ 18,702,215</u>

CITY OF DAVENPORT**NON-MAJOR ENTERPRISE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS****For the Fiscal Year Ended June 30, 2004**

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
OPERATING REVENUES:			
Charges for services	\$ 330,757	\$ 2,246,411	\$ 147,081
Other	33,210	-	16,510
Total Operating Revenues	<u>363,967</u>	<u>2,246,411</u>	<u>163,591</u>
OPERATING EXPENSES:			
Employee expenses	93,083	1,009,244	20,359
Supplies and services	581,139	910,730	211,468
Depreciation	178,248	181,514	227,311
Total Operating Expenses	<u>852,470</u>	<u>2,101,488</u>	<u>459,138</u>
OPERATING INCOME (LOSS)	<u>(488,503)</u>	<u>144,923</u>	<u>(295,547)</u>
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Operating grants	570,894	-	15,874
Use of monies and property	6,975	5,041	45,832
Interest expense	(42,849)	(26,608)	-
Gain (loss) on disposition of fixed assets	-	-	-
Joint venture adjustment	-	-	-
Total Non-operating Revenues (Expenses)	<u>535,020</u>	<u>(21,567)</u>	<u>61,706</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	46,517	123,356	(233,841)
Capital contributions	-	-	687,215
Transfers out	(54,352)	-	-
Change in net assets	<u>(7,835)</u>	<u>123,356</u>	<u>453,374</u>
Total net assets - beginning	<u>3,760,871</u>	<u>2,596,447</u>	<u>3,367,335</u>
Total net assets - ending	<u>\$ 3,753,036</u>	<u>\$ 2,719,803</u>	<u>\$ 3,820,709</u>

ENTERPRISE FUNDS

<u>PUBLIC TRANSIT</u>	<u>CURBSIDE RECYCLING</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
\$ 404,938	\$ 1,610,426	\$ 4,739,613
7	72	49,799
<u>404,945</u>	<u>1,610,498</u>	<u>4,789,412</u>
1,833,487	766,708	3,722,881
1,952,289	449,862	4,105,488
382,658	24,050	993,781
<u>4,168,434</u>	<u>1,240,620</u>	<u>8,822,150</u>
<u>(3,763,489)</u>	<u>369,878</u>	<u>(4,032,738)</u>
2,628,096	-	2,628,096
1,069,044	-	1,655,812
17,323	7,724	82,895
-	-	(69,457)
6,315	-	6,315
(116,078)	-	(116,078)
<u>3,604,700</u>	<u>7,724</u>	<u>4,187,583</u>
(158,789)	377,602	154,845
1,599,468	-	2,286,683
-	-	(54,352)
<u>1,440,679</u>	<u>377,602</u>	<u>2,387,176</u>
5,793,880	796,506	16,315,039
<u>\$ 7,234,559</u>	<u>\$ 1,174,108</u>	<u>\$ 18,702,215</u>

CITY OF DAVENPORT
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2004

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from users	\$ 316,534	\$ 2,235,277	\$ 146,040
Cash paid to suppliers for goods and services	(578,115)	(898,765)	(219,055)
Cash paid to employees for services	(93,048)	(1,006,772)	(19,891)
Other operating revenue	33,210	-	16,510
Net Cash Provided by (Used for) Operating Activities	(321,419)	329,740	(76,396)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Repayments to other funds	-	-	-
Advances from other funds	-	38,700	403
Operating grants	570,894	-	15,874
Property tax	-	-	-
Transfers in	-	-	-
Transfers out	(54,352)	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	516,542	38,700	16,277
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from general obligation bonds	-	330,000	-
Proceeds from the sale of capital assets	-	-	-
Acquisition and construction of capital assets	(175,421)	(498,336)	(15,700)
Principal paid on long-term debt	(60,000)	(200,000)	-
Interest paid on long-term debt	(42,333)	(31,348)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(277,754)	(399,684)	(15,700)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and investment income	6,641	4,363	45,890
Net Increase (Decrease) in Cash and Cash Equivalents	(75,990)	(26,881)	(29,929)
CASH AND CASH EQUIVALENTS-BEGINNING	534,317	285,014	265,338
CASH AND CASH EQUIVALENTS-ENDING	\$ 458,327	\$ 258,133	\$ 235,409

ENTERPRISE FUNDS

<u>PUBLIC TRANSIT</u>	<u>CURBSIDE RECYCLING</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
\$ 828,539	\$ 1,307,239	\$ 4,833,629
(1,993,034)	(409,965)	(4,098,934)
(1,813,120)	(754,325)	(3,687,156)
<u>7</u>	<u>72</u>	<u>49,799</u>
<u>(2,977,608)</u>	<u>143,021</u>	<u>(2,902,662)</u>
(671,719)	-	(671,719)
-	-	39,103
1,069,044	-	1,655,812
2,622,571	-	2,622,571
-	-	-
-	-	<u>(54,352)</u>
<u>3,019,896</u>	<u>-</u>	<u>3,591,415</u>
-	-	330,000
6,315	-	6,315
-	-	(689,457)
-	-	(260,000)
-	-	<u>(73,681)</u>
<u>6,315</u>	<u>-</u>	<u>(686,823)</u>
<u>17,323</u>	<u>7,715</u>	<u>81,932</u>
65,926	150,736	83,862
-	331,346	1,416,015
<u>\$ 65,926</u>	<u>\$ 482,082</u>	<u>\$ 1,499,877</u>

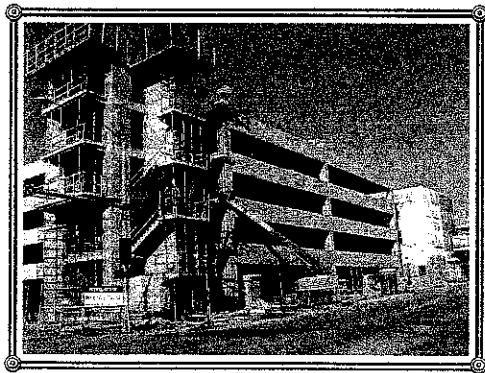
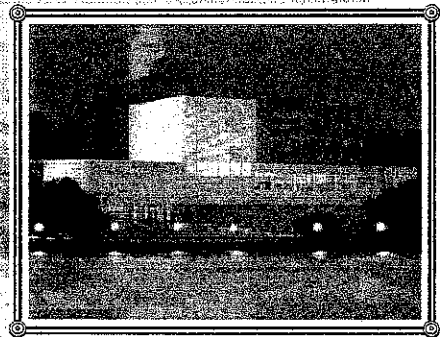
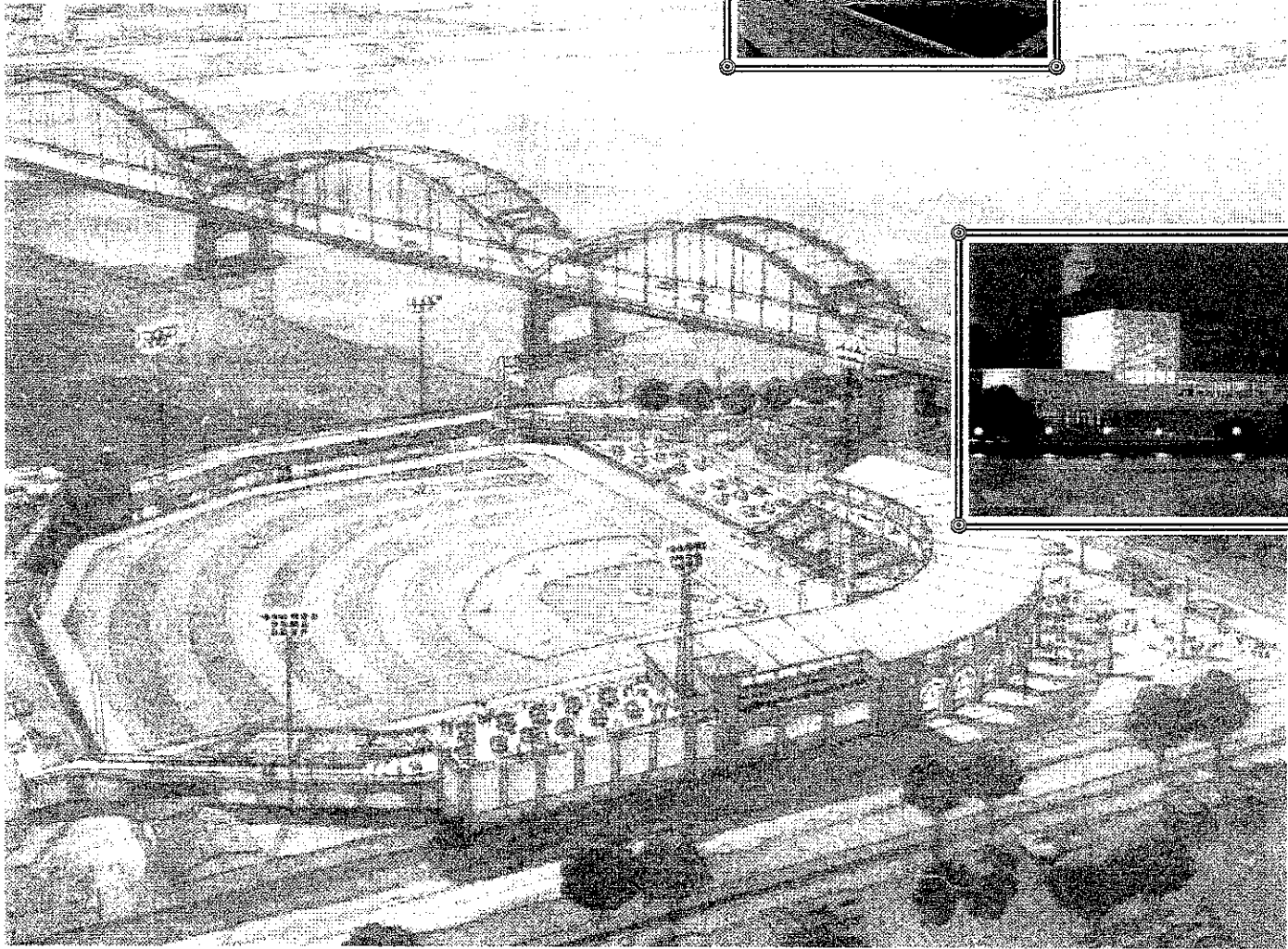
(continued)

CITY OF DAVENPORT

NON-MAJOR ENTERPRISE FUNDS (CONTINUED)
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2004

	<u>BUSINESS-TYPE ACTIVITIES -</u>		
	<u>PUBLIC HOUSING</u>	<u>GOLF COURSES</u>	<u>AIRPORT</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>			
Operating Income (Loss)	\$ (488,503)	\$ 144,923	\$ (295,547)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	178,248	181,514	227,311
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(1,455)	(11,134)	(1,041)
Decrease (increase) in due from other governments	(12,768)	-	-
Decrease (increase) in prepaids	-	(8,480)	-
Increase (decrease) in accounts payable	3,024	20,445	(7,587)
Increase (decrease) in other accrued liabilities	35	2,472	468
Increase (decrease) in other deferred revenue	-	-	-
Total Adjustments	<u>167,084</u>	<u>184,817</u>	<u>219,151</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (321,419)</u>	<u>\$ 329,740</u>	<u>\$ (76,396)</u>
<u>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>			
Acquisition of capital assets	\$ -	\$ -	\$ (687,215)
Contribution of capital assets by municipality	-	-	11,727
Contribution of capital assets by state and federal governments	-	-	675,488

<u>ENTERPRISE FUNDS</u>		
<u>PUBLIC TRANSIT</u>	<u>CURBSIDE RECYCLING</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
<u>\$ (3,763,489)</u>	<u>\$ 369,878</u>	<u>\$ (4,032,738)</u>
382,658	24,050	993,781
3,617	(303,187)	(313,200)
413,091	-	400,323
(50,000)	-	(58,480)
9,255	39,897	65,034
20,367	12,383	35,725
6,893	-	6,893
<u>785,881</u>	<u>(226,857)</u>	<u>1,130,076</u>
<u>\$ (2,977,608)</u>	<u>\$ 143,021</u>	<u>\$ (2,902,662)</u>
\$ (1,599,468)	\$ -	\$ (2,286,683)
274,502	-	286,229
1,324,966	-	2,000,454



Internal Service Funds

Employee Insurance Fund – Accounts for the revenue received from employee and employer contributions and expenses for insurance premiums, administrative fees, and health claims related to the City's protected employee benefit program. Transfers from other City funds, determined on an actuarial basis, are accounted for as revenue in this fund.

Risk Management Fund – Accounts for liability, property and worker's compensation insurance premiums, claims and administrative fees of the City's protected self-insurance program. Transfers from other City funds, determined on an actuarial basis, are accounted for as revenue in this fund.

Information Management Services Fund – Accounts for the accumulation and allocation of costs associated with information technology.

CITY OF DAVENPORT**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2004**

ASSETS	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Current assets:				
Cash and cash equivalents	\$ 3,920,930	\$ 2,679,135	\$ 275,040	\$ 6,875,105
Accounts receivable	-	825	-	825
Interest receivable	17,064	18,723	-	35,787
Due from other governments	-	-	6,120	6,120
Prepays	-	31,288	-	31,288
Total current assets	<u>3,937,994</u>	<u>2,729,971</u>	<u>281,160</u>	<u>6,949,125</u>
Noncurrent assets:				
Equipment and vehicles	-	-	1,328,022	1,328,022
Less accumulated depreciation	-	-	(1,056,157)	(1,056,157)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>271,865</u>	<u>271,865</u>
Total assets	<u>3,937,994</u>	<u>2,729,971</u>	<u>553,025</u>	<u>7,220,990</u>
LIABILITIES				
LIABILITIES:				
Current liabilities:				
Wages payable	-	6,805	12,674	19,479
Accounts payable	146,255	4,812	22,616	173,683
Compensated absences	-	11,204	28,809	40,013
Claims and judgments	1,048,667	3,023,030	-	4,071,697
Due to other governments	-	-	1,725	1,725
Total current liabilities	<u>1,194,922</u>	<u>3,045,851</u>	<u>65,824</u>	<u>4,306,597</u>
Noncurrent liabilities:				
Compensated absences	-	1,988	5,112	7,100
Total liabilities	<u>1,194,922</u>	<u>3,047,839</u>	<u>70,936</u>	<u>4,313,697</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	-	271,865	271,865
Unrestricted	2,743,072	(317,868)	210,224	2,635,428
Total net assets	<u>\$ 2,743,072</u>	<u>\$ (317,868)</u>	<u>\$ 482,089</u>	<u>\$ 2,907,293</u>

CITY OF DAVENPORT**INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS****For the Fiscal Year Ended June 30, 2004**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
OPERATING REVENUES:				
Charges for services	\$ 8,892,875	\$ 2,401,809	\$ 1,013,676	\$ 12,308,360
Other	1,760	11,200	100	13,060
Total Operating Revenues	<u>8,894,635</u>	<u>2,413,009</u>	<u>1,013,776</u>	<u>12,321,420</u>
OPERATING EXPENSES:				
Employee expenses	10,275	366,808	478,311	855,394
Supplies and services	9,023,516	2,791,014	537,632	12,352,162
Depreciation	-	-	135,347	135,347
Total Operating Expenses	<u>9,033,791</u>	<u>3,157,822</u>	<u>1,151,290</u>	<u>13,342,903</u>
OPERATING INCOME (LOSS)	(139,156)	(744,813)	(137,514)	(1,021,483)
NON-OPERATING REVENUES (EXPENSES):				
Use of monies and property	<u>51,631</u>	<u>56,685</u>	<u>48</u>	<u>108,364</u>
Change in net assets	(87,525)	(688,128)	(137,466)	(913,119)
Total net assets - beginning	<u>2,830,597</u>	<u>370,260</u>	<u>619,555</u>	<u>3,820,412</u>
Total net assets - ending	<u>\$ 2,743,072</u>	<u>\$ (317,868)</u>	<u>\$ 482,089</u>	<u>\$ 2,907,293</u>

CITY OF DAVENPORT**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2004**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from users	\$ 8,923,353	\$ 2,400,984	\$ 1,019,698	\$ 12,344,035
Cash paid to suppliers for goods and services	(8,901,525)	(2,921,842)	(533,488)	(12,356,855)
Cash paid to employees for services	(11,559)	(395,896)	(473,035)	(880,490)
Other operating revenue	1,760	11,200	100	13,060
Net Cash Provided by (Used for) Operating Activities	<u>12,029</u>	<u>(905,554)</u>	<u>13,275</u>	<u>(880,250)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and investment income	<u>51,595</u>	<u>61,184</u>	<u>48</u>	<u>112,827</u>
Net Increase (Decrease) in Cash and Cash Equivalents	63,624	(844,370)	13,323	(767,423)
CASH AND CASH EQUIVALENTS- BEGINNING	<u>3,857,306</u>	<u>3,523,505</u>	<u>261,717</u>	<u>7,642,528</u>
CASH AND CASH EQUIVALENTS- ENDING	<u>\$ 3,920,930</u>	<u>\$ 2,679,135</u>	<u>\$ 275,040</u>	<u>\$ 6,875,105</u>

CITY OF DAVENPORT**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2004 (Continued)**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (139,156)	\$ (744,813)	\$ (137,514)	\$ (1,021,483)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	-	-	135,347	135,347
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	30,478	(825)	-	29,653
Decrease (increase) in due from other governments	-	-	6,022	6,022
Decrease (increase) in prepaids	10,400	(1,665)	-	8,735
Increase (decrease) in accounts payable	111,591	(129,163)	11,419	(6,153)
Increase (decrease) in other accrued liabilities	(1,284)	(29,088)	5,276	(25,096)
Increase (decrease) in due to other governments	-	-	(7,275)	(7,275)
Total Adjustments	<u>151,185</u>	<u>(160,741)</u>	<u>150,789</u>	<u>141,233</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 12,029</u>	<u>\$ (905,554)</u>	<u>\$ 13,275</u>	<u>\$ (880,250)</u>

Fiduciary Fund Types

Riverfront Task Force Fund – Accounts for receipts of donations to be used toward the formation of a plan for riverfront development.

Library Gift Fund – Accounts for donations to the Davenport Library and disbursements, which include the purchase of books, periodicals and equipment as authorized by the Library Board of Directors.

M.D. Petersen Memorial Fund – Accounts for an annual contribution from the Petersen estate and the disbursement for improvements designated by the Davenport Levee Improvement Commission.

CITY OF DAVENPORT**ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2004**

	BALANCE JULY 1, 2003	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2004
<u>RIVERFRONT TASK FORCE</u>				
ASSETS:				
Cash and investments	\$ 4,810	\$ 69	\$ -	\$ 4,879
Interest receivable	23	22	23	22
TOTAL ASSETS	\$ 4,833	\$ 91	\$ 23	\$ 4,901
LIABILITIES:				
Due to other governments	\$ 4,833	\$ 91	\$ 23	\$ 4,901
<u>LIBRARY GIFT</u>				
ASSETS:				
Cash and investments	\$ 344,653	\$ 156,754	\$ 165,495	\$ 335,912
Interest receivable	1,272	1,568	1,272	1,568
TOTAL ASSETS	\$ 345,925	\$ 158,322	\$ 166,767	\$ 337,480
LIABILITIES:				
Accounts payable	\$ 31,627	\$ 77,861	\$ 86,450	\$ 23,038
Due to other governments	314,298	80,461	80,317	314,442
TOTAL LIABILITIES	\$ 345,925	\$ 158,322	\$ 166,767	\$ 337,480
<u>M.D. PETERSEN MEMORIAL</u>				
ASSETS:				
Cash and investments	\$ -	\$ 16,715	\$ 7,694	\$ 9,021
Interest receivable	-	44	-	44
Due from other governments	2,353	-	2,353	-
TOTAL ASSETS	\$ 2,353	\$ 16,759	\$ 10,047	\$ 9,065
LIABILITIES:				
Accounts payable	\$ -	\$ 16,715	\$ 7,694	\$ 9,021
Due to other governments	2,353	44	2,353	44
TOTAL LIABILITIES	\$ 2,353	\$ 16,759	\$ 10,047	\$ 9,065
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS:				
Cash and investments	\$ 349,463	\$ 173,538	\$ 173,189	\$ 349,812
Interest receivable	1,295	1,634	1,295	1,634
Due from other governments	2,353	-	2,353	-
TOTAL ASSETS	\$ 353,111	\$ 175,172	\$ 176,837	\$ 351,446
LIABILITIES:				
Accounts payable	\$ 31,627	\$ 94,576	\$ 94,144	\$ 32,059
Due to other governments	321,484	80,596	82,693	319,387
TOTAL LIABILITIES	\$ 353,111	\$ 175,172	\$ 176,837	\$ 351,446

CITY OF DAVENPORT**SCHEDULE OF BONDED INDEBTEDNESS
JUNE 30, 2004**

	<u>AMOUNT ORIGINALLY ISSUED</u>	<u>INTEREST RATE</u>	<u>DATE OF ISSUE</u>
Street, Sewers, Elderly Housing (refunded 05/01/86 and 07/01/86 issues)	\$ 7,040,000	3.65-4.80 %	08/01/95
Streets, Sewers, Buildings, Equipment	5,120,000	4.50-5.60	08/01/95
Streets, Sewers, Buildings, Equipment (refunded 06/01/88, 08/01/90 & 12/01/90 issues)	7,745,000	4.20-5.38	04/01/96
Building, Streets, Sewers, Equipment	15,570,000	5.00-5.25	08/01/96
Economic Development	2,155,000	6.75-7.20	09/01/97
Streets, Sewers, Buildings, Parks	7,325,000	4.75-4.85	09/01/97
Streets, Sewers, Buildings, Equipment (refunded 08/01/91, 10/01/92 issues)	14,590,000	4.38-5.00	03/15/98
Streets, Sewers, Buildings, Development (refunded 06/01/88, 06/01/89, 12/01/90 issues)	5,250,000	6.13-6.15	03/15/98
Streets, Sewers, Buildings, Parks, Equipment	6,795,000	4.40-4.90	08/01/98
Streets, Sewers, Elderly Housing, Equipment	7,485,000	4.50-4.88	09/15/99
Streets, Sewers, Buildings, Equipment	8,620,000	4.40-5.10	11/01/00
Economic Development	1,100,000	6.90-7.00	11/01/00
Economic Development, Sewers, Equipment (refunded 07/01/93 issue)	11,720,000	4.00-4.50	05/23/01
Streets, Equipment, Parking Ramps	19,540,000	3.00-5.00	12/05/01
Parking Ramps	5,195,000	6.25-6.70	12/05/01
Streets, Sewers, Equipment, Development (refunded 09/01/94 issue)	4,415,000	3.50-4.20	12/05/01
Economic Development (refunded 09/01/94 issue)	2,755,000	4.00-6.00	12/05/01
Streets, Sewers, Equipment	15,490,000	3.00-4.40	11/06/02
Stadium	12,160,000	2.00-5.25	11/19/03
Streets, Sewers, Golf Equipment	9,390,000	2.50-4.10	11/19/03
Streets, Sewers, Golf, Equipment (refunded 08/01/95 issue)	2,325,000	2.00-3.00	11/19/03
Building, Streets, Sewers, Equipment (refunded 08/01/96 issue)	9,685,000	2.00-4.00	11/19/03
Economic Development	3,150,000	4.50-5.10	02/24/04
Streets, Sewers, River Renaissance	4,535,000	2.00-4.00	02/24/04
Total General Obligation Indebtedness Matured bonds not present for payment			
TOTAL BONDED INDEBTEDNESS			

BALANCE OUTSTANDING JULY 1, 2003	ISSUED (REDEEMED) DURING YEAR	BALANCE OUTSTANDING JUNE 30, 2004	INTEREST EXPENSE DURING YEAR
\$ 730,000	\$ (730,000)	\$ -	\$ 17,520
2,560,000	(2,560,000)	-	75,762
1,135,000	(640,000)	495,000	56,685
10,700,000	(9,870,000)	830,000	318,453
1,690,000	(125,000)	1,565,000	118,383
4,760,000	(375,000)	4,385,000	228,810
10,040,000	(1,665,000)	8,375,000	465,525
1,795,000	(505,000)	1,290,000	110,392
4,400,000	(370,000)	4,030,000	202,400
5,205,000	(620,000)	4,585,000	250,099
6,895,000	(595,000)	6,300,000	332,702
995,000	(115,000)	880,000	69,280
8,475,000	(1,670,000)	6,805,000	349,781
17,920,000	(810,000)	17,110,000	824,694
5,150,000	(75,000)	5,075,000	331,475
3,850,000	(590,000)	3,260,000	148,578
2,405,000	(365,000)	2,040,000	130,140
14,230,000	(1,070,000)	13,160,000	517,379
-	11,050,000	11,050,000	230,471
-	8,930,000	8,930,000	168,026
-	2,315,000	2,315,000	27,456
-	9,645,000	9,645,000	149,846
-	3,150,000	3,150,000	-
-	4,535,000	4,535,000	-
102,935,000	16,875,000	119,810,000	5,123,857
30,000	-	30,000	-
<u>\$ 102,965,000</u>	<u>\$ 16,875,000</u>	<u>\$ 119,840,000</u>	<u>\$ 5,123,857</u>

CITY OF DAVENPORT**SUMMARY OF BOND MATURITIES
June 30, 2004**

<u>ISSUE DATE</u>	<u>BALANCE OUTSTANDING JUNE 30, 2004</u>	<u>FISCAL YEAR 2005</u>	<u>FISCAL YEAR 2006</u>	<u>FISCAL YEAR 2007</u>	<u>FISCAL YEAR 2008</u>
General Obligation Bonds:					
April 1, 1996 Refunding	\$ 495	\$ 295	\$ 25	\$ 25	\$ 50
August 1, 1996	830	830	-	-	-
September 1, 1997 Taxable	1,565	130	130	140	85
September 1, 1997	4,385	395	410	430	455
March 15, 1998 Refunding	8,375	1,725	1,810	1,170	670
March 15, 1998 Taxable	1,290	200	185	200	220
August 1, 1998	4,030	380	395	420	440
September 15, 1999	4,585	390	410	425	445
November 1, 2000	6,300	625	475	500	525
November 1, 2000 Taxable	880	125	130	140	150
May 23, 2001 Refunding	6,805	1,670	1,700	1,705	1,730
December 5, 2001	17,110	935	1,010	1,040	1,080
December 5, 2001 Taxable	5,075	125	180	210	220
December 5, 2001 Refunding	3,260	600	625	650	680
December 5, 2001 Refunding	2,040	335	340	200	215
November 6, 2002	13,160	1,095	1,115	1,140	830
November 19, 2003	11,050	855	880	905	935
November 19, 2003	8,930	395	405	405	425
November 19, 2003 Refunding	2,315	365	375	380	385
November 19, 2003 Refunding	9,645	125	1,000	890	910
February 24, 2004	3,150	-	-	130	135
February 24, 2004	<u>4,535</u>	<u>290</u>	<u>325</u>	<u>325</u>	<u>330</u>
General Obligation Bonds	119,810	<u>\$ 11,885</u>	<u>\$ 11,925</u>	<u>\$ 11,430</u>	<u>\$ 10,915</u>
Matured bonds not presented for payment	<u>30</u>				
Total bond indebtedness	<u>\$ 119,840</u>				

Note: Amounts shown represent thousands of dollars.

FISCAL YEAR 2009	FISCAL YEAR 2010	FISCAL YEAR 2011	FISCAL YEAR 2012	FISCAL YEAR 2013	FISCAL YEAR 2014	FISCAL YEARS 2015 AND AFTER
\$ 50	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
90	95	105	110	120	125	435
475	495	520	545	120	125	415
695	730	770	805	-	-	-
235	250	-	-	-	-	-
435	460	475	500	525	-	-
445	465	460	485	515	545	-
555	580	545	575	605	640	675
160	175	-	-	-	-	-
-	-	-	-	-	-	-
1,025	1,065	1,105	1,155	1,200	1,255	6,240
230	245	255	270	285	305	2,750
705	-	-	-	-	-	-
230	125	130	150	155	160	-
855	885	920	955	990	1,025	3,350
980	1,020	1,065	1,075	1,140	390	1,805
235	240	245	260	270	1,115	4,935
400	410	-	-	-	-	-
945	970	1,015	695	725	755	1,615
140	145	150	155	160	170	1,965
345	355	365	370	385	400	1,045
<u>\$ 9,230</u>	<u>\$ 8,760</u>	<u>\$ 8,125</u>	<u>\$ 8,105</u>	<u>\$ 7,195</u>	<u>\$ 7,010</u>	<u>\$ 25,230</u>

CITY OF DAVENPORT**SUMMARY OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY BY FUND
JUNE 30, 2004****PRINCIPAL:**

YEAR ENDING JUNE 30	DEBT SERVICE FUNDS		SPECIAL REVENUE FUNDS	
	GENERAL DEBT SERVICE	TAX INCREMENT FINANCING DISTRICTS	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
2005	\$ 8,176,000	\$ 1,362,000	\$ 20,000	\$ 148,000
2006	8,099,000	1,385,000	25,000	155,000
2007	7,880,000	1,370,000	25,000	157,000
2008	7,089,000	1,628,000	30,000	170,000
2009	6,094,000	1,441,000	30,000	176,000
2010	5,882,000	1,483,000	-	44,000
2011	5,810,000	1,000,000	-	46,000
2012	5,700,000	1,009,000	-	49,000
2013	4,835,000	799,000	-	52,000
2014	4,610,000	843,000	-	55,000
2015+	12,400,000	4,145,000	-	478,900
	76,575,000	16,465,000	130,000	1,530,900
Matured	30,000	-	-	-
Total	\$ 76,605,000	\$ 16,465,000	\$ 130,000	\$ 1,530,900

PRINCIPAL AND INTEREST:

YEAR ENDING JUNE 30	DEBT SERVICE FUNDS		SPECIAL REVENUE FUNDS	
	GENERAL DEBT SERVICE	TAX INCREMENT FINANCING DISTRICTS	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
2005	\$ 11,447,962	\$ 2,336,598	\$ 26,928	\$ 222,799
2006	11,036,071	2,154,833	30,927	223,774
2007	10,531,634	2,027,664	29,678	219,274
2008	9,363,697	2,332,275	33,378	224,475
2009	8,066,585	2,054,643	31,728	224,145
2010	7,612,111	2,018,474	-	83,474
2011	7,300,023	1,486,566	-	83,475
2012	6,936,771	1,424,422	-	83,475
2013	5,812,654	1,101,137	-	83,475
2014	5,369,108	1,124,890	-	83,475
2015+	13,587,661	4,999,127	-	584,324
	97,064,277	23,060,629	152,639	2,116,165
Matured	34,193	-	-	-
Total	\$ 97,098,470	\$ 23,060,629	\$ 152,639	\$ 2,116,165

ENTERPRISE FUNDS

SEWER OPERATIONS	PUBLIC HOUSING	GOLF COURSES	PARKING	TOTAL BONDED DEBT
\$ 1,839,000	\$ 65,000	\$ 150,000	\$ 125,000	\$ 11,885,000
1,811,000	70,000	155,000	225,000	11,925,000
1,445,000	70,000	155,000	328,000	11,430,000
1,446,000	75,000	165,000	312,000	10,915,000
1,036,000	80,000	-	373,000	9,230,000
863,000	85,000	-	403,000	8,760,000
800,000	85,000	-	384,000	8,125,000
810,000	90,000	-	447,000	8,105,000
820,000	95,000	-	594,000	7,195,000
805,000	105,000	-	592,000	7,010,000
1,960,000	-	-	6,246,100	25,230,000
13,635,000	820,000	625,000	10,029,100	119,810,000
-	-	-	-	30,000
<u>\$ 13,635,000</u>	<u>\$ 820,000</u>	<u>\$ 625,000</u>	<u>\$ 10,029,100</u>	<u>\$ 119,840,000</u>

ENTERPRISE FUNDS

SEWER OPERATIONS	PUBLIC HOUSING	GOLF COURSES	PARKING	TOTAL BONDED DEBT
\$ 2,392,644	\$ 104,482	\$ 171,619	\$ 426,304	\$ 17,129,336
2,287,233	106,395	171,912	616,357	16,627,502
1,852,511	103,070	166,688	751,418	15,681,937
1,798,207	104,745	171,137	690,529	14,718,443
1,331,226	106,182	-	772,153	12,586,662
1,119,872	107,383	-	790,443	11,731,757
1,023,269	103,260	-	724,560	10,721,153
999,119	104,138	-	791,679	10,339,604
974,265	104,750	-	979,847	9,056,128
923,894	110,118	-	928,854	8,540,339
2,139,117	-	-	7,735,859	29,046,088
16,841,357	1,054,523	681,356	15,208,003	156,178,949
-	-	-	-	34,193
<u>\$ 16,841,357</u>	<u>\$ 1,054,523</u>	<u>\$ 681,356</u>	<u>\$ 15,208,003</u>	<u>\$ 156,213,142</u>

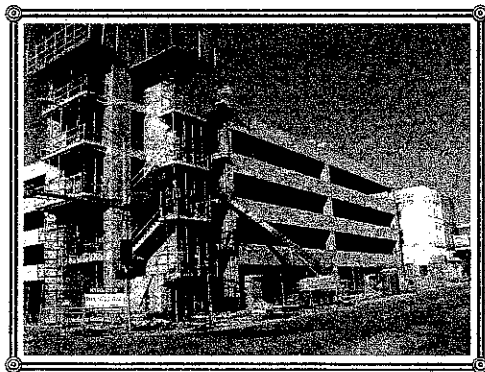
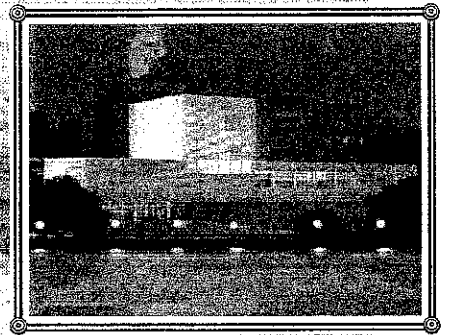
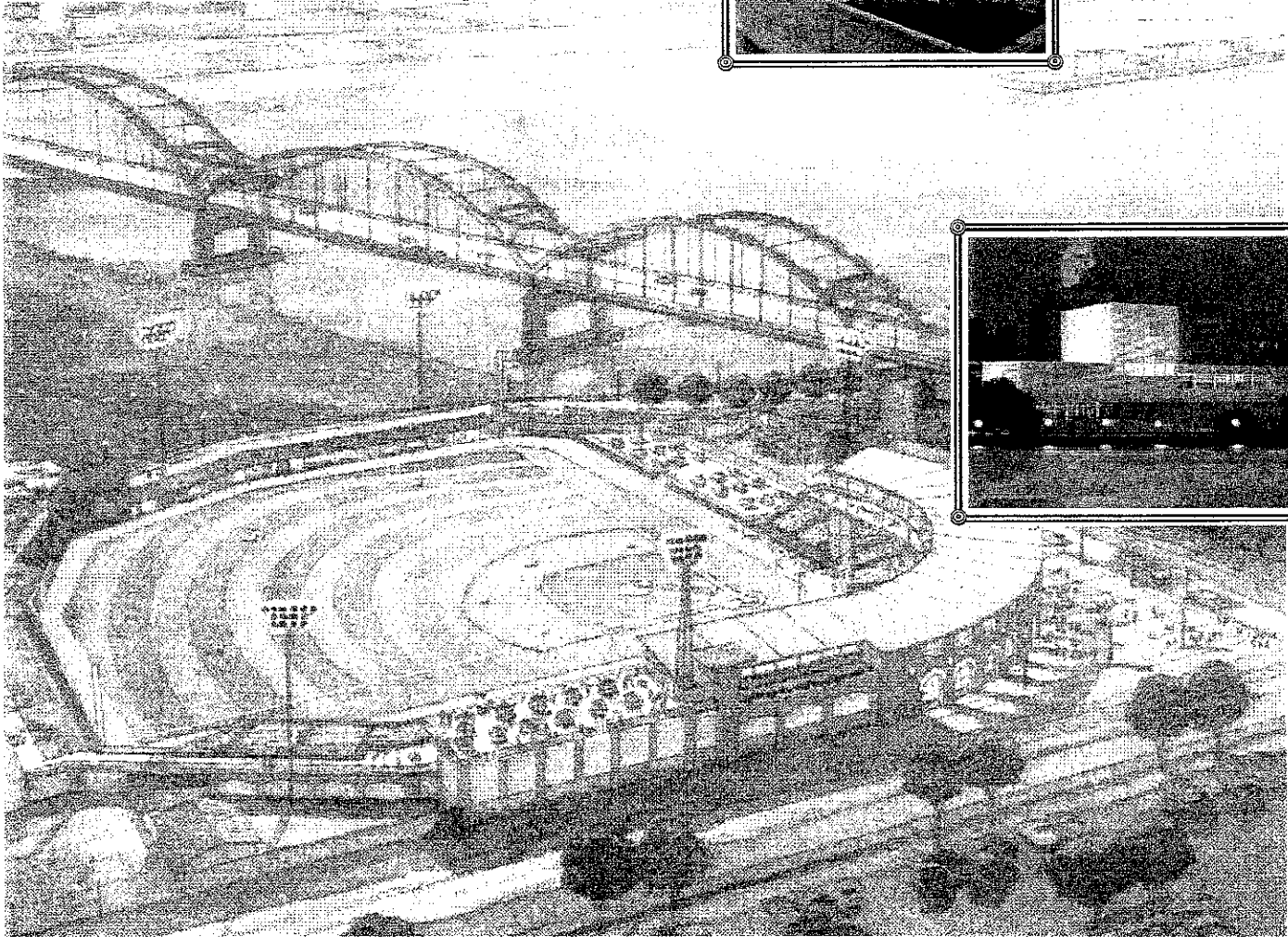
CITY OF DAVENPORT**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>EXPENDITURES</u>
Direct:			
<u>Department of Housing and Urban Development (HUD)</u>			
Community Development Block Grants/Entitlement			
Grants	14.218	B0XMC190002	\$ 3,404,547
HOME Investment Partnerships Program	14.239	M0XMC190200	1,416,920
Fair Housing Assistance Program	14.401	FF207K007015	103,500
EDI Special Projects	14.246	B01SPIA0169	44,513
EDI Special Projects	14.246	B02SPIA0174	6,298
EDI Special Projects	14.246	B03SPIA0194	87,552
			138,363
Emergency Shelter Grant	14.231	S 03 MC190003	76,000
Public and Indian Housing	14.850	KC9148	87,264
Public and Indian Housing	14.850	KC76237	449,768
			537,032
Public Housing - Comprehensive Improvement			
Assistance Program	14.872	KC9148	33,862
Section 8 Housing Choice Vouchers	14.871	KC9027V	2,393,104
<u>Department of Transportation</u>			
Federal Transit - Formula Grants	20.507	IA-90-X249	1,255,822
Federal Transit - Formula Grants	20.507	IA-90-X201	131,179
Federal Transit - Formula Grants	20.507	IA-90-X278	814,526
			2,201,527
FAA Airport Improvement Program	20.106	3-19-0024-10	648,996
<u>Department of Justice</u>			
Local Law Enforcement Block Grants Program	16.592	01-LB-BX-1042	79,735
Local Law Enforcement Block Grants Program	16.592	02-LB-BX-1460	237,218
			316,953
<u>Public Safety Partnership and Community</u>			
Drug Enforcement	N/A	NC-IAS-039	6,460
<u>Environmental Protection Agency</u>			
Brownfields Pilot Partnership	66.811	BP987051-01	155,814
Total Direct			\$ 10,690,232
Indirect:			
<u>Department of Economic Development</u>			
Emergency Shelter Grant Program	14.231	02-ES-008	\$ 123,935
<u>Department of Transportation</u>			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	STP-U-1827(627)--70-82	2,144,642
Highway Planning and Construction	20.205	STP-U-1827(15)--70-82	205,159
			2,349,801

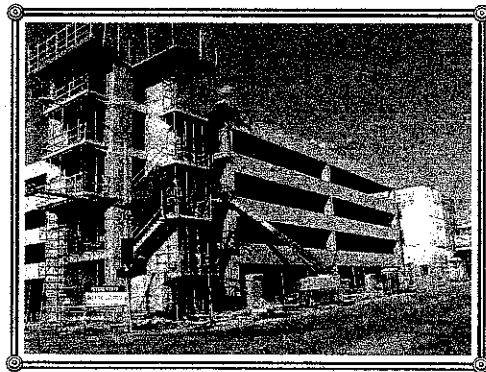
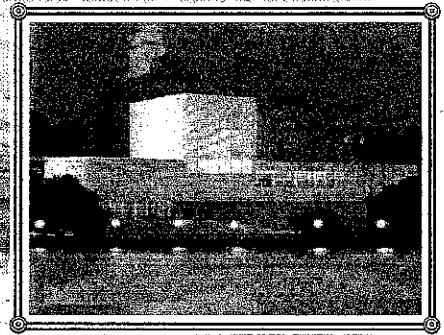
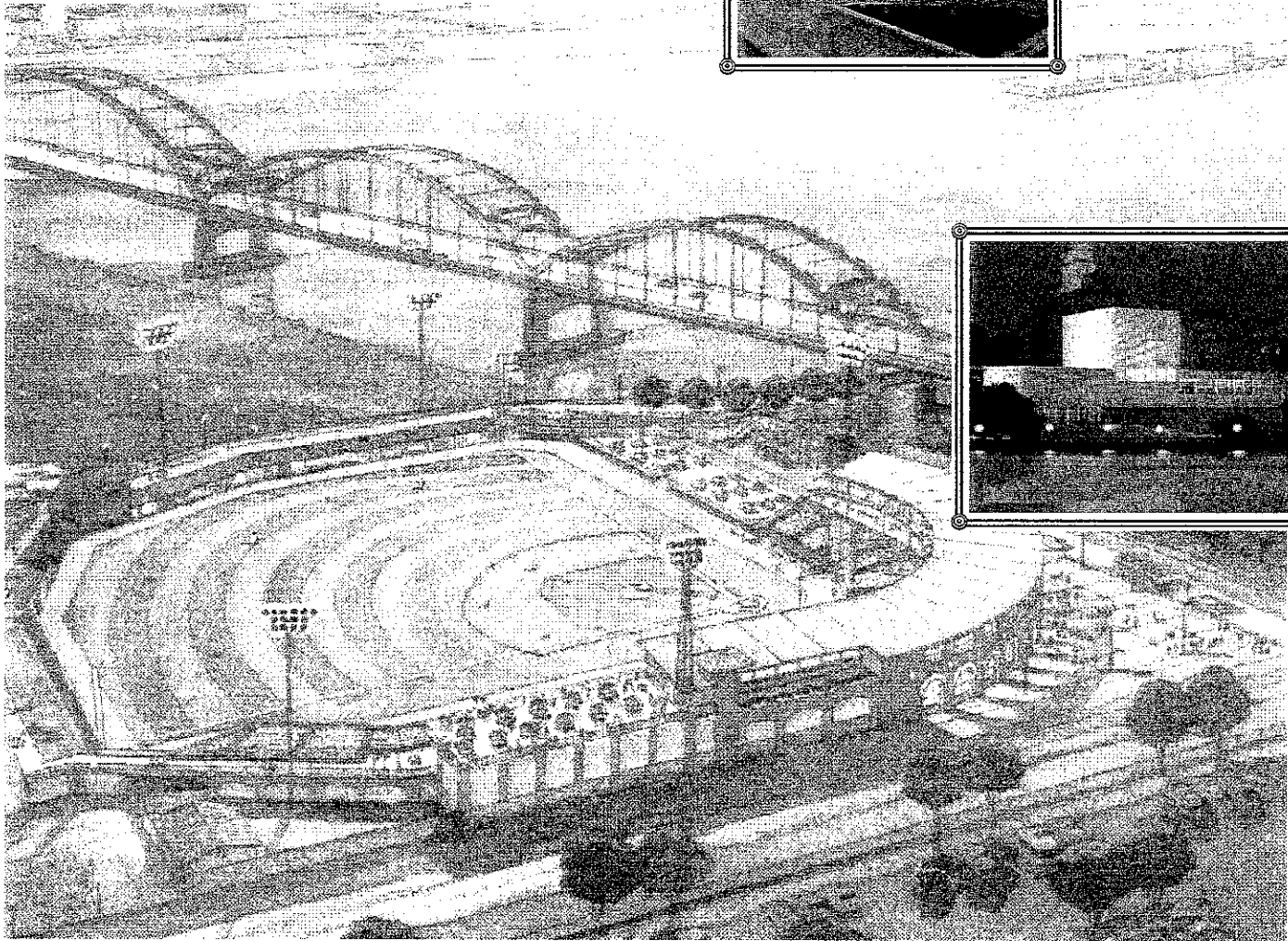
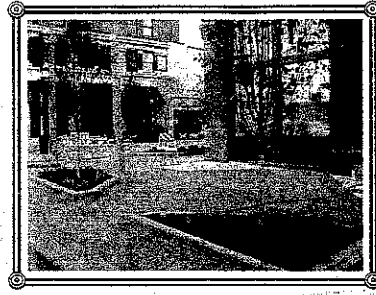
CITY OF DAVENPORT**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>EXPENDITURES</u>
Indirect (continued):			
<u>Federal Emergency Management Agency</u>			
Iowa Department of Public Defense:			
Planning grant	N/A	FMA 01-82	\$ 9,560
Hazard Mitigation Grant	83.548	1367-0001	12,500
Flood Mitigation Grant	83.536	FMA-PJ-2000-82-01	3,992
Flood Mitigation Grant	83.536	FMA-PJ-2001-82-01	34,389
Flood Mitigation Grant	83.536	FMA-PJ-2001-82-02	2,079
Flood Mitigation Grant	83.536	FMA-PJ-2002-82-01	859
			41,319
<u>National Highway Traffic Safety Administration</u>			
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	02-02	13,624
State and Community Highway Safety	20.600	03-02	5,996
			19,620
<u>Department of Justice</u>			
Governor's Office of Drug Control Policy:			
Byrne Formula Grant Program	16.579	99-0000	57,754
Project Safe Neighborhood	16.609	03-SD05	12,384
			70,138
<u>USDA Forest Service</u>			
Iowa Department of Natural Resources			
LeClaire Heights Neighborhood Forestry Project	10.664	01-DG-11244225-171	12,944
Total Indirect			3,288,813
Total			\$ 13,979,045

N/A = Not Available



STATISTICAL SECTION



CITY OF DAVENPORT

GOVERNMENT-WIDE EXPENSES BY FUNCTION

LAST FISCAL YEAR

June 30, 2004

<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>COMMUNITY & ECONOMIC DEVELOPMENT</u>	<u>PUBLIC WORKS</u>	<u>PUBLIC SAFETY</u>	<u>CULTURE & RECREATION</u>	<u>INTEREST ON LONG- TERM DEBT</u>
2003*	\$ 6,691,573	\$ 20,546,796	\$ 22,620,755	\$ 28,898,445	\$ 11,891,089	\$ 4,307,208
2004	8,480,484	14,016,808	25,266,595	29,072,920	14,720,304	4,088,608

*Fiscal year 2003 was the first year for government-wide statements.

<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>	<u>RIVERCENTER</u>	<u>PUBLIC TRANSIT</u>	<u>PUBLIC HOUSING</u>	<u>GOLF COURSES</u>	<u>AIRPORT</u>	<u>CURBSIDE RECYCLING</u>	<u>TOTAL</u>
\$ 1,625,843	\$ 12,072,674	\$ 3,220,654	\$ 4,443,687	\$ 960,487	\$ 2,105,937	\$ 403,870	\$ 1,194,442	\$ 120,983,460
2,089,879	11,612,949	3,976,124	4,343,827	906,413	2,142,641	469,150	1,256,114	122,442,816

CITY OF DAVENPORT

GOVERNMENT-WIDE REVENUES

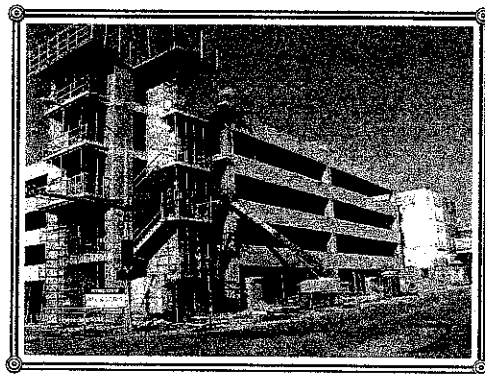
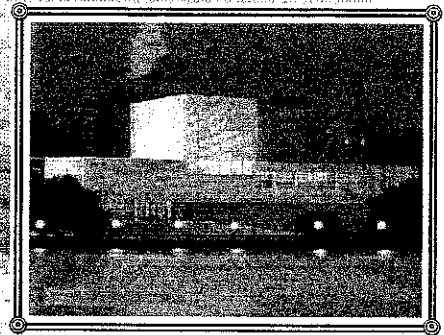
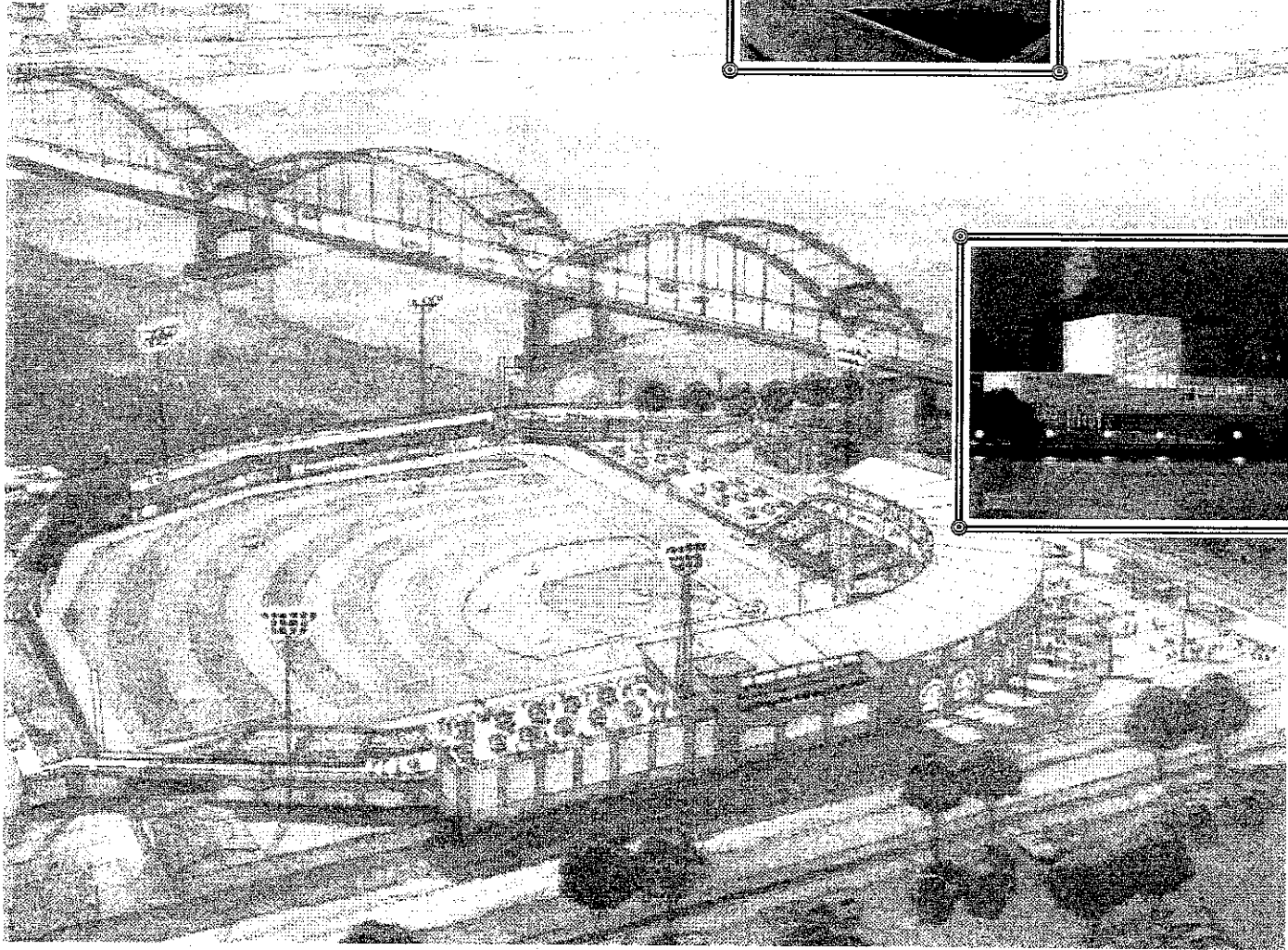
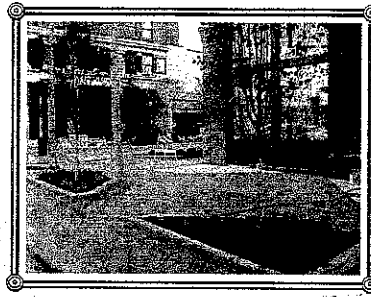
LAST FISCAL YEAR

June 30, 2004

PROGRAMS REVENUES			
FISCAL YEAR	CHARGES FOR SALES AND SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
2003*	\$ 24,441,710	\$ 9,187,500	\$ 23,355,925
2004	26,124,782	11,677,961	19,322,762

GENERAL REVENUES						
FISCAL YEAR	TAXES	INVESTMENT EARNINGS	LOSS ON SALE OF CAPITAL ASSETS	INTERGOVERNMENTAL	MISCELLANEOUS	TOTAL
2003*	\$ 69,059,558	\$ 1,990,652	\$ (73,015)	\$ 2,132,936	\$ 412,493	130,507,759
2004	72,082,022	1,887,860	-	-	365,754	131,461,141

*Fiscal year 2003 was the first year for government-wide statements.



CITY OF DAVENPORT**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
AND REVENUE BY SOURCE (1)
LAST TEN FISCAL YEARS**

EXPENDITURES BY FUNCTION

<u>FISCAL YEAR</u>	<u>POLICY AND ADMINISTRATION</u>	<u>COMMUNITY PROTECTION</u>	<u>HUMAN DEVELOPMENT</u>	<u>HOME AND COMMUNITY ENVIRONMENT</u>	<u>DEBT SERVICE</u>
1995	\$5,846,327	\$20,299,798	\$6,155,126	\$14,519,217	\$12,098,187
1996	6,192,524	21,363,823	5,788,046	16,595,978	12,268,898
1997	6,093,100	22,467,942	5,948,758	16,111,855	12,700,478
1998	6,150,700	23,850,409	6,341,776	17,653,147	13,362,987
1999	6,122,526	25,079,701	6,583,866	16,604,839	12,347,688
2000	6,137,854	25,950,411	7,369,459	18,292,576	12,743,303
2001	6,734,448	28,519,472	8,011,876	20,240,634	12,852,650
2002	6,885,044	28,937,272	8,052,451	19,252,381	13,532,499
2003(2)	-	-	-	-	14,239,014
2004	-	-	-	-	15,376,988

REVENUE BY SOURCE

<u>FISCAL YEAR</u>	<u>TAXES</u>	<u>SPECIAL ASSESSMENTS</u>	<u>LICENSES AND PERMITS</u>	<u>INTER- GOVERNMENTAL</u>	<u>CHARGES FOR SERVICES</u>
1995	\$40,953,013	\$198,749	\$1,114,795	\$13,618,371	\$1,859,392
1996	43,539,932	271,412	1,084,782	14,421,221	1,817,734
1997	46,322,522	321,396	1,258,361	14,367,846	1,921,748
1998	47,161,629	369,547	1,242,875	15,157,987	2,018,583
1999	50,350,720	246,293	1,348,876	15,065,263	2,295,543
2000	51,494,417	146,888	1,306,031	15,954,677	2,567,138
2001	55,449,443	229,153	1,337,699	16,888,717	2,506,285
2002	56,129,537	109,613	1,350,200	16,191,357	2,931,111
2003	58,580,723	95,885	1,474,719	16,347,359	3,462,165
2004	60,657,581	18,098	1,556,959	16,188,758	3,594,151

(1) Includes General, Special Revenue, and Debt Service Funds.

(2) Program reporting changed in FY03 to coincide with the implementation of GASB34.

<u>PUBLIC SAFETY</u>	<u>PUBLIC WORKS</u>	<u>CULTURE AND RECREATION</u>	<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>	<u>GENERAL GOVERNMENT</u>	<u>TOTAL</u>
-	-	-	-	-	\$ 58,918,655
-	-	-	-	-	62,209,269
-	-	-	-	-	63,322,133
-	-	-	-	-	67,359,019
-	-	-	-	-	66,738,620
-	-	-	-	-	70,493,603
-	-	-	-	-	76,359,080
-	-	-	-	-	76,659,647
24,222,254	18,686,735	7,953,882	9,540,981	5,954,830	80,597,696
29,666,713	14,039,017	7,383,847	10,385,376	6,111,702	82,963,643

<u>USE OF MONIES AND PROPERTY</u>	<u>FINES AND FORFEITS</u>	<u>OTHER</u>	<u>TOTAL</u>
\$3,317,748	\$398,847	\$911,906	\$ 62,372,821
3,466,135	519,648	1,078,397	66,199,261
3,619,202	446,934	1,708,997	69,967,006
3,095,571	558,377	1,381,027	70,985,596
2,818,884	528,270	1,298,710	73,952,559
3,100,405	526,028	1,554,789	76,650,373
3,695,481	373,862	1,821,333	82,301,973
2,185,533	565,819	1,485,403	80,948,573
1,546,216	481,059	1,612,253	83,600,379
1,542,997	533,863	3,276,698	87,369,105

CITY OF DAVENPORT**COMPARISON OF TAXES AND INTERGOVERNMENTAL REVENUE (1)
LAST TEN FISCAL YEARS**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>TAXES</u>				
Property	\$ 43,618,499	\$ 41,705,006	\$ 40,107,885	\$ 38,834,889
Mobile home	64,859	61,088	66,435	67,321
Cable TV	826,665	875,706	900,158	845,044
Hotel/motel	1,453,268	1,439,259	1,388,190	1,519,986
Payments in lieu of tax	862,439	874,327	885,066	878,256
Local option sales	12,892,681	12,695,189	11,793,210	12,438,773
Gaming admissions	939,171	930,148	988,593	865,174
Total taxes	<u>60,657,582</u>	<u>58,580,723</u>	<u>56,129,537</u>	<u>55,449,443</u>
<u>Intergovernmental</u>				
Federal Grants				
CDBG	2,401,377	2,074,608	2,130,364	1,997,426
HOME	1,167,690	866,624	324,949	512,386
Assisted housing	2,593,039	2,218,751	1,820,768	2,116,270
LEBG	244,781	297,125	346,372	360,905
Disaster	-	20,154	634,286	1,224,853
Other	507,229	432,674	279,788	399,423
State Grants				
Municipal assistance	-	892,001	940,810	994,555
Homestead allocation	-	-	131,926	149,165
Road use tax	8,241,614	7,941,422	7,960,633	7,684,514
Gaming profits	378,803	327,918	313,870	279,283
Bank franchise	75,150	26,604	80,949	70,517
Personal property credit	-	579,800	610,895	637,740
Disaster	-	3,336	55,706	172,644
Other	579,075	666,342	560,041	289,036
Total intergovernmental	<u>16,188,758</u>	<u>16,347,359</u>	<u>16,191,357</u>	<u>16,888,717</u>
Totals	<u>\$ 76,846,340</u>	<u>\$ 74,928,082</u>	<u>\$ 72,320,894</u>	<u>\$ 72,338,160</u>

(1) Includes General, Special Revenue, and Debt Service Funds.

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
\$ 35,258,109	\$ 34,390,593	\$ 31,387,536	\$ 31,383,691	\$ 29,206,452	\$ 28,143,143
64,351	55,942	56,863	49,362	45,890	57,964
736,973	677,838	602,354	550,865	509,630	482,208
1,607,575	1,576,310	1,781,609	1,459,700	1,357,282	1,136,428
888,337	912,349	891,732	780,399	829,517	535,621
11,935,683	11,681,593	11,343,481	11,029,200	10,495,957	9,347,422
1,003,389	1,056,095	1,098,054	1,069,305	1,095,204	1,250,227
<u>51,494,417</u>	<u>50,350,720</u>	<u>47,161,629</u>	<u>46,322,522</u>	<u>43,539,932</u>	<u>40,953,013</u>
2,270,984	1,961,368	2,207,720	2,057,347	2,304,922	1,831,717
803,632	565,401	1,116,614	270,388	804,729	637,597
1,676,674	1,692,959	1,887,729	2,096,590	2,172,600	2,334,252
375,478	483,940	499,327	444,644	-	-
-	-	(4,646)	27,742	(20,462)	431,754
227,171	410,077	405,076	394,082	420,306	181,457
1,003,620	998,051	999,136	1,004,712	1,009,881	1,012,987
115,182	102,075	121,441	-	-	-
7,810,509	7,250,798	6,502,470	6,757,196	6,549,333	5,802,083
340,299	355,903	352,685	310,621	311,366	394,232
67,663	82,936	60,538	89,036	10,154	48,013
639,610	637,719	639,579	635,884	639,578	638,901
-	-	(3,387)	4,581	1,575	126,738
623,855	524,036	373,705	275,023	217,239	178,640
<u>15,954,677</u>	<u>15,065,263</u>	<u>15,157,987</u>	<u>14,367,846</u>	<u>14,421,221</u>	<u>13,618,371</u>
<u>\$ 67,449,094</u>	<u>\$ 65,415,983</u>	<u>\$ 62,319,616</u>	<u>\$ 60,690,368</u>	<u>\$ 57,961,153</u>	<u>\$ 54,571,384</u>

CITY OF DAVENPORT

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

CITY TAX RATES (1) (2)

FISCAL YEAR	AGRICULTURAL LAND (3)	ALL OTHER	DDDSMID TAX RATE (4)	TOTAL TAX LEVY (5)	CURRENT COLLECTIONS
1995	\$ 2.98	\$ 13.96	\$ 3.50	\$ 30,089,220	\$ 29,626,709
1996	3.00	13.96	(6)	31,410,554	31,067,123
1997	3.00	13.96	(6)	33,680,901	33,302,910
1998	3.00	13.96	(6)	33,583,657	33,335,714
1999	3.00	13.96	(6)	36,973,426	36,558,588
2000	3.00	13.95	(6)	38,128,886	37,449,757
2001	3.00	14.63	(6)	41,824,538	41,127,901
2002	3.00	14.63	(6)	43,159,271	42,499,603
2003	3.00	14.63	(6)	44,910,592	44,143,261
2004	3.00	14.96	(6)	46,532,163	45,815,344

- (1) City taxes support General Fund activities, debt service payments, liability insurance expense, the City's share of FICA and IPERS expense, payments to the Police and Fire retirement and pension systems, life and health insurance expense, unemployment compensation expense, and the municipal transit system.
- (2) Tax rates are in dollars per thousand assessed valuation.
- (3) Agricultural land is taxed at a rate established by the State of Iowa.
- (4) The Downtown Davenport Development Self-supported Municipal Improvement District (DDDSMID) tax rate is comprised of two rates jointly levied on property within this special district in the downtown area
- (5) Includes Tax Increment Financing Districts' levies.
- (6) Beginning July 1, 1995, three self-supported municipal improvement districts exist, with tax levies varying from 2.00 to 5.50.

Source: Levy rate sheet from Scott County, total collections (current and delinquent) per monthly tax allocation reports.

<u>PERCENT OF CURRENT COLLECTIONS TO LEVY</u>	<u>DELINQUENT COLLECTIONS</u>	<u>TOTAL COLLECTIONS</u>	<u>PERCENT OF TOTAL COLLECTIONS TO LEVY</u>
98.46 %	\$ 24,355	\$ 29,651,064	98.54 %
98.91	14,380	31,081,503	98.95
98.88	31,403	33,334,313	98.97
99.26	59,571	33,395,285	99.44
98.88	10,139	36,568,727	98.91
98.22	37,166	37,486,923	98.32
98.33	60,721	41,188,622	98.48
98.47	30,821	42,530,424	98.54
98.29	110,028	44,253,289	98.54
98.46	572,123	46,387,467	99.69

CITY OF DAVENPORT

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR	CURRENT ASSESSMENTS DUE (1)	CURRENT ASSESSMENTS COLLECTED	PERCENT CURRENT TO DUE	TOTAL ASSESSMENTS COLLECTED (2)	PERCENT TOTAL TO DUE	TOTAL OUTSTANDING ASSESSMENTS
1995	\$ 56,289	\$ 36,445	64.7 %	\$ 206,503	366.9 %	\$ 915,955
1996	50,149	23,795	47.4	285,323	569.0	1,517,032
1997	81,187	42,328	52.1	351,507	433.0	1,394,846
1998	61,799	14,754	23.9	374,710	606.3	1,265,151
1999	50,747	15,668	30.9	246,293	485.3	1,193,259
2000	49,563	7,322	14.8	146,888	296.4	1,166,509
2001	54,264	6,863	12.6	226,366	417.2	1,078,865
2002	38,946	31,541	81.0	71,762	184.3	1,173,331
2003	49,359	18,213	36.9	207,426	420.2	1,230,904
2004	31,146	657	2.1	269,478	865.2	1,174,562

(1) Current assessments due at the beginning of the fiscal year.

(2) Includes current and delinquent assessments collected and assessments paid in full.

CITY OF DAVENPORT

**ASSESSED AND TAXABLE VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

<u>LEVY YEAR</u>	<u>FISCAL YEAR</u>	<u>TAXABLE VALUE (1)</u>	<u>ASSESSED VALUE</u>
1993	1995	\$ 2,044,154,730	\$ 2,571,084,201
1994	1996	2,115,925,015	2,672,913,780
1995	1997	2,189,375,070	2,959,753,508
1996	1998	2,242,007,654	3,029,067,272
1997	1999	2,443,474,390	3,408,463,220
1998	2000	2,505,713,454	3,433,456,315
1999	2001	2,634,524,224	3,698,278,624
2000	2002	2,720,133,018	3,761,253,684
2001	2003	2,847,230,728	4,134,338,030
2002	2004	2,906,115,013	4,197,669,467

(1) Due to state-mandated rollbacks on real property, the taxable value is less than assessed value.

Source: Levy rate sheet and valuation from Scott County.

CITY OF DAVENPORT

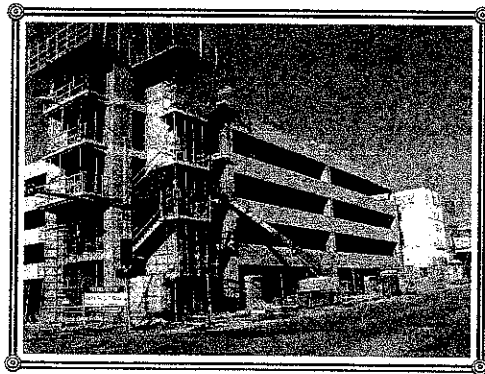
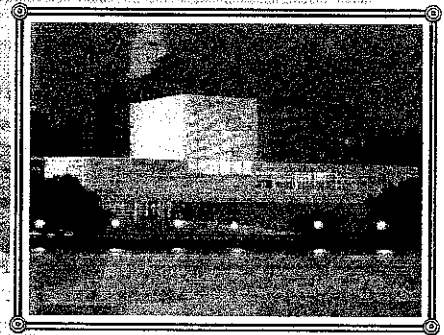
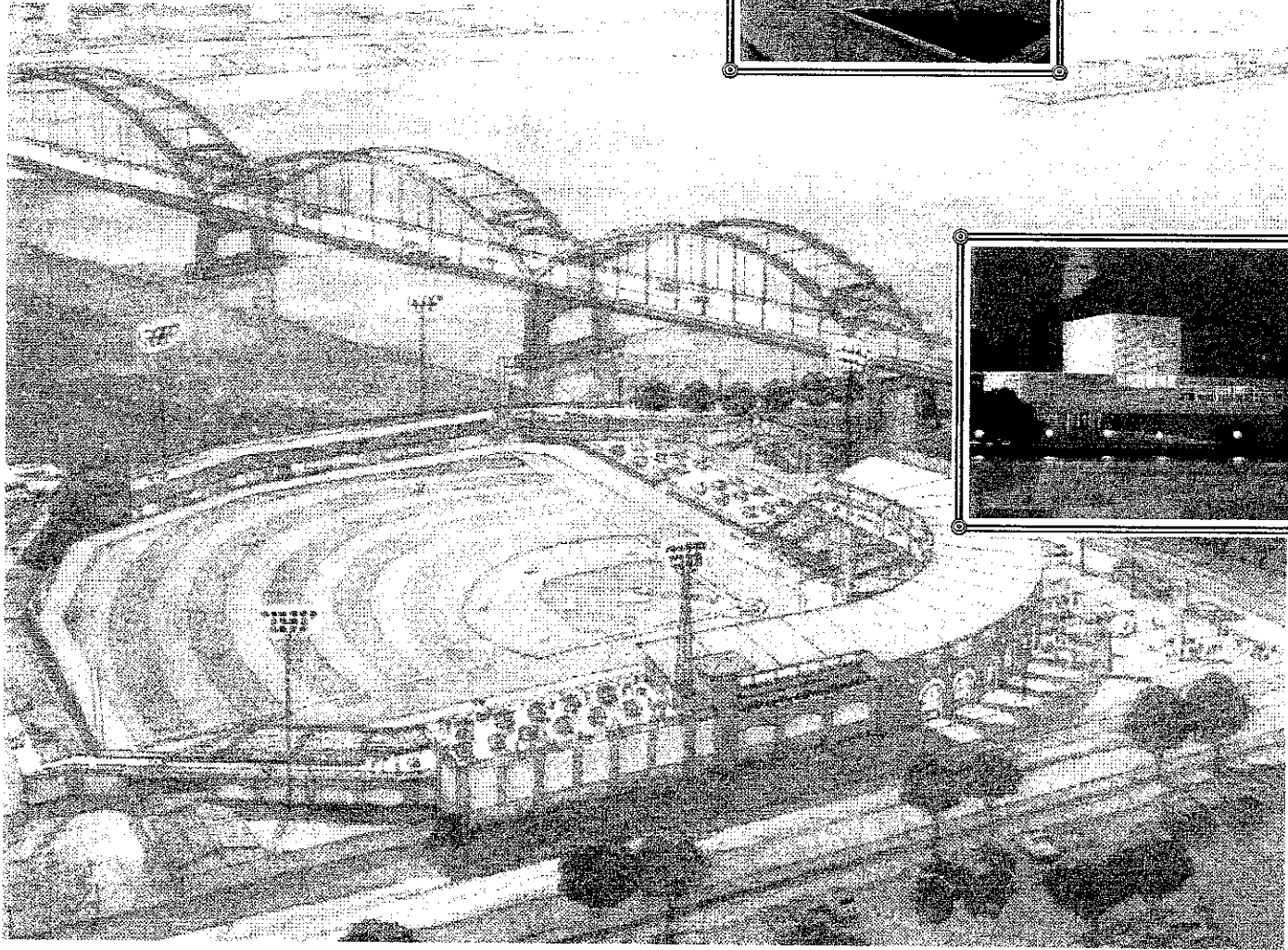
**PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

PROPERTY TAX RATE PER \$1,000 TAXABLE VALUATION

<u>LEVY YEAR</u>	<u>FISCAL YEAR</u>	<u>SCOTT COUNTY</u>	<u>SCHOOL</u>	<u>AREA IX COLLEGE</u>	<u>OTHER</u>	<u>CITY</u>	<u>CITY ASSESSOR</u>	<u>TOTAL</u>
1993	1995	\$ 4.960	\$16.588	\$ 0.521	\$0.044	\$13.960	\$ 0.287	\$36.360
1994	1996	4.422	16.652	0.519	0.042	13.953	0.287	35.875
1995	1997	4.327	15.338	0.516	0.041	13.960	0.347	34.529
1996	1998	4.192	15.195	0.587	0.041	13.960	0.346	34.321
1997	1999	3.915	15.225	0.572	0.041	13.960	0.292	34.005
1998	2000	4.062	14.929	0.547	0.067	13.951	0.293	33.849
1999	2001	4.161	15.510	0.603	0.067	14.634	0.313	35.288
2000	2002	4.173	15.468	0.603	0.067	14.634	0.305	35.250
2001	2003	4.481	16.962	0.626	0.067	14.634	0.368	37.138
2002	2004	4.809	17.079	0.617	0.067	14.964	0.315	37.851

Taxes are levied on July 1 each year. Taxes are due in September and March and become delinquent on October 1 and April 1.

Source: Levy rate sheet from Scott County.



CITY OF DAVENPORT**RATIO OF NET GENERAL BONDED TO TAXABLE VALUE AND
NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>POPULATION (1)</u>	<u>TAXABLE VALUE</u>	<u>GROSS BONDED DEBT</u>	<u>GENERAL DEBT SERVICES MONIES AVAILABLE (2)</u>	<u>DEBT PAYABLE FROM TIF REVENUE (3)</u>
1995	97,500	\$2,044,154,730	\$ 90,465,000	\$ 8,356,688	\$ 15,723,750
1996	96,900	2,115,925,015	86,370,000	8,993,881	15,010,875
1997	96,800	2,189,375,070	91,995,000	9,111,944	14,863,000
1998	96,800	2,242,007,654	91,555,000	8,965,365	17,841,250
1999	96,800	2,443,474,390	88,615,000	9,726,911	16,781,125
2000	97,400	2,505,713,454	85,930,000	11,054,808	12,148,000
2001	98,900	2,634,524,224	85,340,000	14,951,207	12,106,000
2002	98,000	2,720,133,018	99,565,000	15,401,897	13,922,000
2003	97,900	2,847,230,728	102,935,000	15,551,897	11,932,850
2004	97,700	2,906,115,013	119,810,000	14,756,865	16,465,000

(1) Source: Sales and Marketing Management, Survey of Buying Power, September 2004.

(2) Includes monies available from special assessments.

(3) The Tax Increment Financing (TIF) Districts Debt Service Fund accounts for property taxes derived from special tax districts.

(4) Includes Levee Improvement Commission rents and Municipal Improvement District property taxes.

(5) Includes sewer usage fees, public housing rents, golf courses green fees, and curbside recycling usage fees.

<u>DEBT PAYABLE FROM SPECIAL REVENUE (4)</u>	<u>DEBT PAYABLE FROM ENTERPRISE REVENUE (5)</u>	<u>NET BONDED DEBT</u>	<u>PERCENT NET BONDED DEBT TO TAXABLE VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>
\$ 1,630,000	\$ 18,856,600	\$ 45,897,962	2.25 %	\$ 471
1,550,000	17,940,700	42,874,544	2.03	442
1,470,000	16,053,400	50,496,656	2.31	522
1,380,000	14,136,000	49,232,385	2.20	509
1,285,000	12,694,500	48,127,464	1.97	497
1,185,000	13,582,000	47,960,192	1.91	492
1,085,000	13,573,000	43,624,793	1.66	441
1,972,000	22,547,000	45,722,103	1.68	467
1,816,900	25,648,250	47,985,103	1.69	490
1,660,900	25,109,100	61,818,135	2.13	633

CITY OF DAVENPORT

**COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2004**

In order to limit the liability of taxpayers, the State Constitution imposes a limit on the amount of debt local governments may incur. Davenport's debt limitation is five percent of its gross assessed valuation. This limitation applies only to general obligation indebtedness.

Davenport's debt limitation at June 30, 2004 was:

$$\$ 4,234,680,680 \times .05 = \$ 211,734,034$$

Total Maximum Statutory Debt Limitation		\$ 211,734,034
General Obligation Bonds	\$ 119,840,000	
Tax Increment Financing Rebate Agreements	9,100,144	
Other General Obligation Debt	619,930	
Total G.O. Indebtedness	<u>129,560,074</u>	
Debt Margin		<u>\$ 82,173,960</u>

The City's Special Charter from the State allows bonds to be issued upon approval of the City Council and does not require the vote of the taxpayers unless future interest payments on all debt reach a point where they exceed 75% of ordinary annual city revenue.

This limitation was not exceeded during fiscal year 2004.

Ordinary Annual City Revenue	\$ 119,222,460
	<u>x .75</u>
Total Interest Limitation	89,416,845
Less Total Future Interest Payments on All Debt	<u>(36,549,020)</u>
Interest Margin	<u>\$ 52,867,826</u>

CITY OF DAVENPORT

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2004**

	<u>TOTAL DEBT JUNE 30, 2004</u>	<u>PERCENT APPLICABLE TO CITY</u>	<u>DIRECT AND OVERLAPPING DEBT</u>
City of Davenport	\$ -	-	\$ 119,810,000
North Scott Community School District	8,795,000	16.33%	1,436,224
Scott County	9,245,000	56.19%	5,194,766
Bettendorf Community School District	6,240,000	21.68%	1,352,832
Eastern Iowa Community College	<u>3,740,000</u>	33.17%	<u>1,240,558</u>
Total overlapping debt	<u>\$ 28,020,000</u>		
Total direct and overlapping debt			<u>\$ 129,034,379</u>

Sources: Scott County Auditor, Davenport Community Schools, North Scott Community Schools, Bettendorf Community Schools, Eastern Iowa Community College.

CITY OF DAVENPORT

**RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL (1) EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES</u>
1995	\$ 7,474,916	\$ 4,623,271	\$ 12,098,187	\$ 58,918,655	20.53 %
1996	7,809,967	4,458,931	12,268,898	62,209,269	19.72
1997	8,007,756	4,692,722	12,700,478	63,322,133	20.06
1998	8,664,007	4,698,980	13,362,987	67,359,019	19.84
1999	7,977,561	4,370,127	12,347,688	66,738,620	18.50
2000	8,565,623	4,177,680	12,743,303	70,537,684	18.07
2001	8,844,706	4,007,944	12,852,650	76,359,080	16.83
2002	9,237,935	4,294,564	13,532,499	76,659,647	17.65
2003	9,971,020	4,267,994	14,239,014	80,597,696	17.67
2004	11,095,495	4,144,917	15,240,412	82,963,643	18.37

(1) Includes General, Special Revenue and Debt Service Funds.

CITY OF DAVENPORT

**PRINCIPAL TAXPAYERS
JUNE 30, 2004**

<u>NAME</u>	<u>TYPE OF PROPERTY</u>	<u>FY 2004 (1) ASSESSED VALUATION</u>	<u>PERCENT OF ASSESSED VALUATION</u>
Mid-American Energy	Utility	\$ 159,880,870	3.81 %
SDG Macerich Properties	Shopping Center	61,664,800	1.47
Iowa American Water Co.	Utility	42,876,227	1.02
Deere & Company	Manufacturing	24,902,642	0.59
Quanex Corporation	Manufacturing	20,693,500	0.49
US West Communications	Communications	18,309,533	0.44
National Amusements Inc.	Theatre Complexes	17,506,500	0.42
Oscar Mayer & Co.	Meat Packing	15,785,932	0.38
Bradley Operating L P	Shopping Center	14,618,400	0.35
Peterson Properties	Industrial Center	13,776,600	0.33
Total		<u>\$ 390,015,004</u>	<u>9.29 %</u>
TOTAL FY 2004 ASSESSED VALUE		<u>\$ 4,197,669,467</u>	

(1) As of January 1, 2002

Source: City Assessor's Office and Iowa Department of Revenue.

CITY OF DAVENPORT

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

<u>FISCAL YEAR</u>	<u>POPULATION (1)</u>	<u>PER CAPITA INCOME (2)</u>	<u>EFFECTIVE BUYING INCOME (1)</u>
1995	97,500	\$ 20,844	\$ 1,455,864,000
1996	96,900	21,588	1,328,459,000
1997	96,800	22,561	1,386,588,000
1998	96,800	23,906	1,435,121,000
1999	96,800	25,178	1,467,766,000
2000	97,400	26,003	1,519,713,000
2001	98,900	26,186	1,604,469,000
2002	98,000	27,005	1,513,882,000
2003	97,900	27,879	1,539,288,000
2004	97,700	28,384	1,523,410,000

Sources:

- (1) Sales and Marketing Management, Survey of Buying Power, September 2004.
 - (2) U.S. Department of Commerce "Survey of Current Business" for Davenport, Rock Island, Moline SMSA.
 - (3) Iowa Workforce Development, for Davenport.
 - (4) Davenport Community School District.
-

<u>RETAIL SALES (1)</u>	<u>PER CAPITA RETAIL SALES</u>	<u>UNEMPLOYMENT RATE (3)</u>	<u>PUBLIC SCHOOL ENROLLMENT (4)</u>
\$1,353,050,000	\$ 13,877	5.1	17,036
1,412,686,000	14,579	4.1	17,351
1,457,519,000	15,057	3.5	17,045
1,500,174,000	15,498	3.2	17,027
1,577,249,000	16,294	2.7	16,904
1,763,661,000	18,107	3.0	17,181
1,885,883,000	19,069	2.9	16,831
1,892,224,000	19,308	3.7	17,210
1,971,306,000	20,136	4.7	16,544
2,070,989,000	21,197	4.5	16,077

CITY OF DAVENPORT**CONSTRUCTION PERMITS AND TAXABLE VALUE
LAST TEN FISCAL YEARS**

FISCAL YEAR	COMMERCIAL				INDUSTRIAL			
	NEW		OTHER		NEW		OTHER	
	NO.	VALUE	NO.	VALUE	NO.	VALUE	NO.	VALUE
1995	44	\$ 40,293,531	161	\$ 9,152,820	4	\$ 1,090,070	6	\$ 3,472,247
1996	36	20,384,373	282	23,246,179	2	1,125,662	15	2,850,989
1997	41	32,005,556	363	44,277,102	2	2,858,706	3	3,719,375
1998	54	38,736,698	270	21,917,189	3	2,482,651	12	4,216,341
1999	49	29,457,692	255	22,292,246	1	10,600	9	1,406,124
2000	59	46,684,812	198	36,187,947	-	-	5	300,449
2001	44	26,144,040	217	59,338,780	1	4,500,000	4	4,550,010
2002	41	37,025,864	236	43,254,414	1	9,569,237	6	4,751,500
2003	31	61,179,478	225	27,663,567	6	1,696,527	3	348,346
2004	37	36,839,752	230	50,632,798	1	53,009	1	18,000

Source: Annual Report, Office of Construction Code Enforcement, City of Davenport

RESIDENTIAL				MISCELLANEOUS				TAXABLE VALUE
NO.	NEW VALUE	NO.	OTHER VALUE	NO.	NEW VALUE	NO.	OTHER VALUE	
154	\$ 19,394,271	1597	\$ 9,374,603	47	\$17,207,367	21	\$ 1,655,172	\$ 2,030,330,291
148	18,421,268	1339	18,334,872	-	-	100	4,613,490	2,115,925,015
201	23,866,680	2214	9,890,072	-	-	274	1,356,260	2,189,375,070
211	26,666,024	2136	10,443,126	-	-	281	604,645	2,242,007,654
257	35,158,069	2062	10,566,069	-	-	174	2,781,644	2,443,474,390
216	40,094,362	2220	12,578,562	-	-	77	1,956,293	2,505,713,414
321	31,291,251	3259	20,093,079	-	-	174	416,000	2,634,524,224
358	34,764,057	2509	14,925,927	-	-	201	82,000	2,720,133,018
370	45,130,237	2078	18,545,772	-	-	205	380,800	2,847,230,728
403	61,597,795	1832	22,446,780	-	-	186	6,628,656	2,906,115,013

CITY OF DAVENPORT

MISCELLANEOUS STATISTICS

JUNE 30, 2004

Year of incorporation:					1836
Form of government:				Mayor-Council utilizing City Administration	
Area:				62 square miles	
Miles of streets:				684	
Number of street lights:				9,174	
Number of traffic signals:				189	
Police protection:					
Number of sworn officers					158
Number of stations					1
Fire protection:					
Number of firefighters					140
Number of stations					7
Sanitation and recycling customers:					0
Recreation:					
1,700 acres of parks					
4 swimming pools					
3 golf courses					
2 bicycle paths					
2 boat launches					
Fejervary Park Zoo					
Vanderveer Park Horticulture-Conservatory					
John O'Donnell Stadium					
Culture and Enlightenment:					
Davenport Museum of Art					
Davenport Public Library					
Airport:					
One 4,000 foot runway					
One 4,800 foot runway					
RiverCenter/Adler Theatre					
155,000 square feet in theatre and two convention centers					
Education:					
Number of students:					
Kindergarten - Grade 5					6,479
Grade 6 - 12					7,767
Special education and part-time					1,831
Total					<u>16,077</u>
Number of schools:					
Public high schools					3
Public intermediate schools					6
Public elementary schools					21
Special schools					1
Private schools					8
Colleges & Universities:					
St. Ambrose University					
Palmer College of Chiropractic					
Eastern Iowa Community College					
Elections:	09/07/03	10/07/03	11/04/03	06/08/04	
	School Board:	Dav Primary	Municipal:	Primary:	
Registered voters	45,551	56,806	56,806	58,966	
Ballots cast	2,816 6.2%	7,103 12.5%	16,266 28.6%	1,060 1.8%	

CITY OF DAVENPORT**INCOME DISTRIBUTION
JUNE 30, 2004**

	<u>CITY OF DAVENPORT</u>		<u>SCOTT COUNTY</u>		<u>STATE OF IOWA</u>	
	<u>FAMILIES</u>	<u>%</u>	<u>FAMILIES</u>	<u>%</u>	<u>FAMILIES</u>	<u>%</u>
Less than \$10,000	1,632	6.5	2,005	4.8	29,696	3.8
\$ 10,000 to \$ 14,999	1,210	4.8	1,569	3.7	27,647	3.6
\$ 15,000 to \$ 24,999	2,857	11.4	4,022	9.5	82,185	10.6
\$ 25,000 to \$ 34,999	3,471	13.9	4,960	11.8	105,089	13.6
\$ 35,000 to \$ 49,999	4,472	17.9	7,212	17.1	161,399	20.8
\$ 50,000 to \$ 74,999	6,208	24.8	10,985	26.1	203,738	26.3
\$ 75,000 to \$ 99,999	3,036	12.1	5,981	14.2	89,699	11.6
\$100,000 to \$149,000	1,533	6.1	3,725	8.8	50,322	6.5
\$150,000 to \$199,999	298	1.2	835	2.0	11,511	1.5
\$200,000 or more	313	1.3	823	2.0	12,960	1.7
Totals	<u>25,030</u>	<u>100.0</u>	<u>42,117</u>	<u>100.0</u>	<u>774,246</u>	<u>100.0</u>
Median family income	\$45,944		\$52,045		\$48,005	
	<u>CITY OF DAVENPORT</u>		<u>SCOTT COUNTY</u>		<u>STATE OF IOWA</u>	
	<u>PERSONS</u>	<u>%</u>	<u>PERSONS</u>	<u>%</u>	<u>PERSONS</u>	<u>%</u>
Educational Attainment:						
Elementary						
0 -8 years	3,323	5.3	4,440	4.3	105,424	5.6
High School						
1 - 3 years	7,055	11.3	9,539	9.3	158,012	8.3
High School graduate	19,696	31.6	31,372	30.7	683,942	36.1
College						
1 - 3 years	18,852	30.2	31,390	30.7	546,388	28.8
College graduate	<u>13,417</u>	<u>21.5</u>	<u>25,408</u>	<u>24.9</u>	<u>402,090</u>	<u>21.2</u>
Totals	<u>62,343</u>	<u>100.0</u>	<u>102,149</u>	<u>100.0</u>	<u>1,895,856</u>	<u>100.0</u>

Source: Department of Commerce, Bureau of Census, 2000 Census SF 3, State County, and Place Data.

CITY OF DAVENPORT**SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2004**

<u>COVERAGE</u>	<u>COMPANY</u>	<u>PREMIUM</u>
<u>PROPERTY</u>		
City Buildings	Allianz	\$ 188,823
Contents & Fixed Equipment	Allianz	Included above
Stored Vehicles	Allianz	Included above
Boiler & Machinery	Chubb	17,569
Flood (various locations)	NFIP/Selective	18,694
Transit Center	Cincinnati	4,842
Blanket City Bond	EMC	2,590
Scattered Sites & Heritage House	AHRMA	9,669
<u>LIABILITY</u>		
\$10,000,000 EX \$ 500,000 GL/LAW/AUTO	Genesis	471,175
Public Officials (City)	Genesis	Included above
Housing Authority (Incl. Public Officials)	AHRMA	7,951
Airport	Associated Aviation	13,510
Duck Creek Dram	CNA/Taylor	2,490
Emeis Dram	CNA/Taylor	2,535
Credit Island Dram	CNA/Taylor	1,295
Red Hawk Dram	CNA/Taylor	1,237
Museum of Art Dram	CNA/Taylor	884
Lead Abatement Liability	Zurich	10,275
<u>WORKERS' COMPENSATION</u>		
Excess Workers' Compensation	Genesis	69,256

<u>POLICY NUMBER</u>	<u>EXPIRATION DATE</u>	<u>AMOUNT OF COVERAGE</u>	<u>COINSURANCE OR DEDUCTIBLE</u>
3000978	06/30/04	\$ 181,907,678	\$ 100,000
3000978	06/30/04	71,838,459	25,000
3000978	06/30/04	21,782,681	100,000
78383532	06/30/04	20,000,000	2,500
Various	Various	Various	5,000
CAP5431128	06/30/04	4,525,000	1,000
T219860	06/30/04	1,000,000	10,000
PO30189064	01/01/05	10,000,000	1,000
YXB300539E	06/30/04	30,000,000	500,000
YXB300539E	06/30/04	5,000,000	250,000
LO60189070	01/01/05	1,000,000	1,000
ALI158356	06/30/04	5,000,000	N/A
LLP194431331	03/29/05	500,000	N/A
LLP194431328	03/29/05	500,000	N/A
LLP223622893	04/07/05	500,000	N/A
LLP223509350	04/29/05	500,000	N/A
LLP18951561	03/30/05	500,000	N/A
AAO-3875026-00	11/03/05	41,668	5,000
GDX014332E	06/30/04	Coverage A: per statute Coverage B: 2,000,000	350,000

